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ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY

BOARD POLICY **Date Issued: XX**

CHAPTER Fiscal Management		**CHAPTER** 07	**SECTION** 001	**SUBJECT** 0005
SECTION Finance	**SUBJECT** Board Fiscal Responsibilities			
WRITTEN BY Karen A. Farr, CPA	**REVISED BY**		**AUTHORIZED BY** SCCCMHA Board	

I. APPLICATION:

- ☒ SCCCMHA Board
- ☐ SCCCMHA Providers & Subcontractors
- ☐ Direct-Operated Programs
- ☐ Community Agency Contractors
- ☐ Residential Programs
- ☐ Specialized Foster Care

II. POLICY STATEMENT:

It shall be the policy of the St. Clair County Community Mental Health Authority (SCCCMHA) Board of Directors to ensure the Authority operates in a manner that is fiscally responsible and ensures accountability for the use of the public funds; and proper internal controls are in place to manage risk and monitor performance.

III. DEFINITIONS:

A. Fiscal Year: A fiscal year is a twelve month period that does not align with a calendar year. The fiscal year for SCCCMHA is October 1 through September 30 each year.

B. Operating Budget: An overall plan for the coordination of current financial resources that identifies the expected availability and use of resources during a fiscal year/period.

C. Capital Budget: A plan that identifies the major asset items to be purchased and the sources of their funding.

D. GAAP: Generally Accepted Accounting Principles

E. GASB: Governmental Accounting Standards Board

F. MDHHS: Michigan Department of Health and Human Services.

G. PIHP: Prepaid Inpatient Health Plan.

H. Purchase Order: A manually pre-numbered form issued by Administration to a vendor signed by the finance Director/Designee.

I. Per Diem: Per Diem payments are authorized for attendance at SCCCMHA Board approved committees/advisory Council meetings, as assigned by the program director/designee.

J. GSA: The United States General Services Administration. This federal agency's Cooperative Purchasing Program allows state and local governments to purchase IT, security, and law enforcement products through federal government contracts at competitive pricing.

K. MiDeal: A State of Michigan operated program which allows local governments to use state contracts to buy goods and services at competitive pricing.

L. Emergency Payment: A payment that is prepared outside of the normal accounts payable cycle. An emergency payment should only be requested when necessary to ensure the safety and well-being of persons SCCCMHA serves or to avoid financial consequences detrimental to the Authority.

M. ACH: Automated Clearing House is a national and governmental organization that has the authority to process electronic payment, including, but not limited to, the national automated clearing house association and the Federal Reserve System. ACH payments are next day transfers and are not an immediate transfer of funds similar to a wire.

N. Wire Transfer: Immediate transfer of funds.

O. EFT: Electronic Funds Transfer.

P. Agency Business: Includes meals, lodging and parking related to approved conferences, food and beverages and approved purchases for Agency activities.

Q. Capital/Fixed Assets: Major assets that meet the capitalization threshold (See Standard G.b.). Examples of capital assets may include but are not limited to: land, land improvements, buildings, building improvements, furniture, fixtures, vehicles, machinery, equipment, software, and other tangible or intangible assets.

R. Depreciation/Amortization: The method used to allocate capitalized cost over the useful life of the asset is in accordance with GAAP. Straight line depreciation method is used.

S. Useful Life: The estimated period of time an asset will be useful. The cost of the asset will be allocated during the same period of time. It may be revised at any time but any revision must be accounted for prospectively, in current and future periods (treated as a change in estimate). The Estimated Useful Lives of Depreciable Hospital assets by the American Hospital Association Health Data Management Group will be used as guidance.

T. Donation: A grant, bequest, cash or gift from a local non-governmental, charitable institutions or individuals.

IV. STANDARDS:

The following standards are those that are specifically identified as the responsibility of the Board of Directors to ensure the Authority operates in a manner that is fiscally responsible and ensures accountability for the use of the public funds; and proper internal controls are in place to manage risk and monitor performance.

A. **Budgets and Budgetary Compliance:**

An annual operating budget will be developed to be used as a tool to ensure effective resource management and corporate strategy implementation. The budgetary process shall comply with guidelines set forth by the SCCCMHA Board and be consistent with GAAP.

1. The budget will be approved and formally adopted by the SCCCMHA Board prior to the commencement of the fiscal year.

2. The budget will be amended by the SCCCMHA Board, as necessary, throughout the fiscal year. No budget amendments will be allowable after year-end.

3. Each Federal grant will have an award budget, which will be incorporated into the Authority-wide operating budget.

4. Management will review the budget vs. actual reports on a regular basis with the SCCCMA Board in order to identify inconsistencies.

B. **Financial Reporting:**

The purpose of financial reporting is to provide relevant information that encompasses internal controls, budgeting/management, planning, transparency and valuation as well as provides accountability for the use of public funds.

1. All MDHHS financial reports will be developed and completed in accordance with the terms and standards set forth in the contract between SCCCMHA and MDHHS and the contract between SCCCMHA and Region 10 PIHP.

2. All financial reports will be prepared on a full accrual basis using GAAP.

3. Budget to actual revenue and expenditure reports from SCCCMHA will be received and reviewed as required by the contract with Region 10 PIHP.

4. Budget adjustments will be determined through the process of projecting the expenditures through

the end of the fiscal year as compared to the actual near the midpoint of the fiscal year. The SCCCMHA budget will be adjusted in accordance with the process required by the Region 10 PIHP.

C. **Cost Settlement**:

The process of cost settling the monthly advances from Region 10 PIHP at fiscal year- end based on the actual revenue and expenditures governed by the terms of the contract with Region 10 PIHP and MDHHS.

1. All cost settlement reports, preliminary and final, will be prepared in accordance with the format and timelines specified in the contracts between Region 10 PIHP and between MDHHS and SCCCMA.

2. All cost settlement reports will be based on financial records prepared on the applicable basis allowed by MDHHS (either full or modified full accrual) in accordance with GAAP.

3. The regional finance officers will meet as needed, but at least quarterly, to keep abreast of issues potentially having an effect on the preliminary and final cost settlement with MDHHS.

D. **Purchase Request**:

Purchasing activities will be fair and equitable and provide the maximum purchasing value for public funds while conforming to the methods of procurement outlined in 2 CFR 200.320. The purchasing procedures are designed to maintain a procurement system of quality and integrity.

1. Purchases of $3,000 but less than $150,000 for a single item must be approved by the Executive Director. In addition, the Board is to be notified of any purchases of $100,000 to $150,000.

2. Purchases greater than $150,000 for a single item require Board approval.

3. Programs shall not order from the Contracts, Supplies, Services and Materials (CSS&M) before receiving a numbered Purchase Order signed by the Board's Finance Director/Designee, except for van repairs of an urgent nature and other emergencies.

4. Members of special committees or the advisory council are eligible for one per diem payment per day regardless of the number of different advisory/committee meetings attended during the day. Per diems are paid on a monthly basis at $30 per day.

E. **Payment of Bills via Check, ACH or Wire Transfer**:

A structured payment schedule is in place to ensure the uninterrupted payment of bills. Emergency payments, those outside of the normal accounts payable cycle, are allowed to ensure the safety and well-being of persons served by SCCCMHA or to avoid financial consequences detrimental to the Authority.

1. When the SCCCMHA Board is unable to meet due to unforeseen circumstances, the Board authorizes administrative staff to release payment of invoices that represent reimbursement of expenses for contracts the Board has already approved and further to release all other invoices necessary to carry on the day-to-day regular business of the Board. The aforementioned invoices will be presented along with other invoices to be paid at the next regular Board meeting.

2. All wire transfers and ACH payments require electronic approval by a second person on each external transfer before the bank processes such payments.

F. **Credit Cards**:

Authority credit cards will be maintained for selected staff for their use in Agency business. Non-business use is specifically prohibited.

1. Public Act 266 of 1995 became effective January 8, 1996. The act authorizes the use of credit cards by local units of government for appropriate expenses. The act also sets specific criteria, which must be followed. A local unit must have adopted by Board resolution, a written policy that provides all of the following:

   a. An employee is responsible for the issuance, accounting, monitoring, and retrieval and generally for overseeing compliance with the credit card policy.

   b. That the credit card may be used only by an officer or employee for the purchase of goods or services for the official business of the local unit.

   c. The employee using the credit card must submit documentation detailing the goods or services purchased, cost, date of the purchase, and the official business.

   d. The employee issued the credit card is responsible for its protection and custody and shall immediately notify the local unit if the card is lost or stolen.

   e. The employee must immediately surrender the card upon termination

   f. A system of internal controls to monitor the use of the credit card.

   g. That the balance under the credit card arrangement shall be paid within the appropriate time allowed to not incur finance and interest charges. The local unit shall comply with this provision of the credit card policy.

   h. The policy must provide for disciplinary measures consistent with law for unauthorized use.

   i. Any other matters the governing body considers advisable.

j. The total combined authorized credit limit of all credit cards issued by a local unit shall not exceed 5% of the total budget of the local unit for the current fiscal year. The local unit may include in its budget the authorization to pay the balance due on any credit cards including the annual fee, interest, and finance charges if incurred.

G. **Capital Asset Management**:

Capital expenditures will be identified and recorded in accordance with procedures delineated by: Applicable Federal and State Regulations and Rules, Generally Accepted Accounting Principles, and the pronouncements of the Governmental Accounting Standards Board to ensure a consistent and cost-effective method of accounting of the capital assets.

1. Capital assets should be capitalized only if they have an estimated useful life of at least two years following the date of acquisition.

2. A capitalization threshold of $5,000 has been determined and should be applied to individual assets rather than to groups of similar items. All equipment purchased with a cost greater than $5,000 directly by SCCCMH shall be tagged and identified in a separate ledger showing the date of purchase, vender, serial number, cost and identification number. Any changes in inventory status shall be documented accordingly.

3. The State has title to all equipment and the local agency and/or the county have a proportionate share in the match cost of all equipment.

4. SCCCMHA staff must notify and seek approval from the SCCCMHA Facilities Director for the transfer and/or disposal of any equipment. Disposal of obsolete, unused, or inappropriate equipment should be made whenever possible by trading it in for credit on the replacement item. When trade-in is not possible, disposal should be recorded only after documentation of current value and selling it for that value.

H. **Charitable Fund Accounts and Donations**:

SCCCMH will offer opportunities for the community, as well as employees, to donate to various charitable fund accounts sponsored by SCCCMHA. Donated funds are used to meet community and agency needs that are not able to be funded by other sources. SCCCMHA will ensure consistent standards and guidelines are followed for use and acknowledgement of charitable donations.

1. All charitable donations will be considered to be undesignated and unreserved and therefore available for use as needed, provided that upon receipt no specific designation for use of funds is made by the donor.

2. All donations designated for a particular purpose of program by the donor will be used in a manner consistent with the wishes of the donor.

3. All fund accounts are sponsored by SCCCMHA and have been separated into multiple accounts based on specified use. SCCCMHA also financially manages each of the accounts, with the exception of the Community Foundation Endowment Fund which is managed by the St. Clair County Community Foundation according to the guidelines of the current Agency Designated Funds Agreement.

4. Opportunities for charitable donations are marketed by SCCCMHA (all fund accounts) and the St. Clair County Community Foundation (Endowment Fund only). Marketing of the Endowment Fund is intended to generate public support for the special programs, projects and operations of SCCCMHA. The fund is specially designed to provide for basic needs of individuals who receive SCCCMHA services, but whose needs are not able to be funded through other sources. The Endowment Fund operates under the policies and procedures outlined within the current Agency Designated Fund Agreement.

5. The Endowment Fund's net income, as calculated by the Foundation's Spending Policy (which may from time to time be amended) shall be made available to assist Community Mental Health in the fulfillment of their mission. All distributions must be consistent with the exempt purposes of The Foundation as specified in its Articles of Incorporation and Bylaws, (which may from time to time be amended).

6. In addition to the net income described above, the Foundation may award up to 20% of the total Fund balance to support special projects or to meet extraordinary needs of SCCCMHA. Such additional disbursements require special approval by the Foundation and may not be made more than once annually.

V. PROCEDURES:

A. SCCCMHA Board

1. Approves the annual budget with funding sources identified as applicable for submission to the PIHP.
2. Approves purchase requests exceeding $150,000.
3. Approves all ACH payments on vendor check register.
4. Reviews the final settlement report as submitted to MDHHS.

B. Executive Director

1. Reviews the annual budget prepared by the Finance Director and approves for submission to the SCCCMHA Board for approval.
2. Reviews and approves/denies purchase requests for all purchases greater than $3,000 but less than $150,000. Submits an email to the Board of Directors for all approved purchases between $100,000 and $150,000.
3. Reviews and recommends approval of purchase requests exceeding $150,000 to the SCCCMHA

Board.

4. Ensures request in the amount of $50,000 or higher from the Community Foundation Endowment Fund are reviewed and approved by the SCCCMHA Board.
5. Sends a letter of Acknowledgement, to a donor that has made a charitable donation to SCCCMHA, for tax purposes.

C. Finance Director

1. Performs the required Finance Director level procedures outlined in the Finance Procedures Manual for each of the Standards included within this policy.

D. Finance Staff

1. Performs the required Finance Staff level procedures outlined in the Finance Procedures Manual for each of the standards included within this policy under the direction of the Finance Director.

E. Contract Management Staff

1. Performs the required Contract Management Staff level procedures outlined in the Finance Procedures Manual for each of the standards included within this policy under the direction of the Finance Director.

VI. REFERENCES:

A. PIHP Contract

B. MDHHS Contract

C. 200 CFR (Code of Federal Regulations)

D. Public Act 266 of 1995

E. Community Foundation of St. Clair County Designated Fund Agreement

VII. EXHIBITS:

A. Chart of Accounts

B. Per Diem Information Form or Waiver of Per Diem

C. Committee/Advisory Council Meeting Member Voucher

CHAPTER Fiscal Management		CHAPTER 07	SECTION 001	SUBJECT 0005
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VIII. REVISION HISTROY:

Date Issued: 05/21.

EXHBIT A

CHART OF ACCOUNT NUMBERS

Acct. #	Term	Descriptions
53040	Employee Employment Expense	Drug Tests, Job Postings, Job Placement Fees
53050	Employee Appreciation	Employee recognition items, lunches, etc.
60010	Office Supplies	Paper, Copy *&* Fax Machine Supplies, toner for printers , Pens, Calendars, etc.
60020	Printing	Printing of Letterhead, Return Address Envelopes, Business and/or Appointment Cards (Printing Cost Only)
60110	Postage	U.S. Postage Stamps, Certified Mail, United Parcel Service, Postage for Postage Meter
60120	Freight and Express	Moving of office furniture, freight charges on purchases, etc.
60210	Food Supplies	Items purchased with intent to prepare food.
60220	Kitchen Supplies	Cups, Coffee Stir Sticks, Silverware, Utensils, etc.
60230	Uniforms	Galley
60310	Consumer Supplies	Items used for clients.
60320	Medical Supplies	Self-Explanatory.
60340	Bus Tickets	For Individuals we serve.
60430	Software Purchases	Cost of software (does not include license and maintenance fees) Less than $5,000
61000	Membership & Dues	Cost of Memberships for programs/agency – not individuals
62100	Travel	Cost of monthly mileage allowance.
62150	Travel - Other	Cost of travel related expenses other than mileage, such as parking, meals, etc.
62310	Training Supplies and Materials	Cost of books, videos, pamphlets, etc. that aid in Agency training
62320	Books, Magazines	Subscriptions to magazines or purchase of books.
62330	Testing Materials	Cost of Testing Materials Used for clients.
62340	Public Training & Education	Brochures, Seminars that you sponsor, etc.
62350	Employee Training	Seminars, workshops, or other educational sessions for staff.
64110	Utilities	Cost of Heat, Lights, Gas and/or Water Payments
64200	Telephone	Cost of monthly telephone charges and/or installation.
64310	Janitorial Supplies	Trash bags, cleaning agents, toilet paper, paper towels, tissues, etc.
64320	Building Repair and Maintenance	Grass seed, rock salt, snow shovel, rake, etc. Cost of Janitorial Services, Snow Removal, Trash Pick-up, etc.
64330	Fire Fighting Supplies	Fire Extinguishers or the cost of service on them.
65200	Advertising	Cost of advertisements (i.e., Radio, Billboards, etc.)
65300	Marketing Costs	Marketing supplies such as pens, clothing, etc.
66020	Office Equipment Repair & Maintenance	Cost of Service to Typewriters, Copy Machines Calculators, Printers *&* Computers
66110	Computer Components <$500	Replacement parts, cables, keyboards, etc., which <u>does not</u> exceed $500.
66210	Office Equipment	Cost of Office Equipment which does not exceed $5,000.
66220	Equipment Repair and Maintenance	Cost of Service for Vacuum cleaners, refrigerators.
66410	Equipment Rental	Cost of Equipment Rental (i.e., Postage Meters)
67010	Gas, Oil, and Grease	Cost of Gas, Oil and Grease used in the vans/cars.
67040	Vehicle Repair	Cost of Tune-up, Oil changes, Maintenance on Vans/Cars

EXHBIT A

DEPARTMENT NUMBERS

Dept. #	Program	
1110	General Administration	
1115	Community Service	
1120	Human Resources	
1130	Transportation	
1140	Public Relations/Community Relations	
1150	Training	
1160	CSCB	
1165	Community Resource Fair	
1170	SOS Activities	
1175	Community Car Seats	
1180	Housing Symposium	
1185	CIMS	
1210	Financial Management	
1310	Information Technology	
1320	Data Management	
1410	Provider Network Management	
1510	Utilization Management	
1530	Hospital Liaison	
1620	Recipient Rights	
2210	Adult	
2310	Children's	
2320	Children's Autism	
2330	Children's Waiver	
2340	SED Waiver	
2410	Physicians	
2420	Nurses	
2510	Galley	
2515	In Shape	
2520	Arts	
2525	C.I.S.	
2530	Home Based	
2535	DTNW	
2540	C.I.U.	
2545	DBT	
2550	Mobile Crisis Unit	
2555	IPS	
2560	AOT	
2565	Residential Supports	
2570	ACT	
2575	SIS	
2580	SUD	
2595	Infant MH Prevention	
3110	Electric Avenue	
3120	Marie City	
3130	Capac	
3150	Children's Services Bldg	
	Grants / Special Funds	Contact Danielle Hazlewood

EXHIBIT B

ST. CLAIR COUNTY COMMUNITY MENTAL HEALTH AUTHORITY
3111 ELECTRIC AVENUE, PORT HURON, MI 48060-5416
PHONE: (810) 985-8900 ~ FAX: (810) 985-7620

Dear Committee Member/Board/Advisory Council Member:

Thank you for agreeing to serve as a member of a designated board, committee or advisory council. Your input is a very important element of the decision making processes regarding our services.

In order to help sustain this citizen input, our Board has established a per diem payment of $30.00 for attendance at these activities. You are eligible to receive one per diem for each day you attend a meeting or session. If you are appointed to attend a meeting representing SCCCMHA outside of St. Clair County you can submit for mileage at IRS approved mileage rate.

Per diems are paid by check in the next available payables cycle. You must complete the attached per diem form and return it to our Administration office at the above address. You can expect to receive your check approximately three (3) weeks after you have submitted your per diem form.

Please complete the information at the bottom of this letter and return it to Associate Director/designee at the SCCCMHA Administration office at the above address. This information is required so that we can process checks payable to you. If you do not wish to receive the per diem, please complete the Waiver of Per Diem form and return to our Administration office.

Thank you again for agreeing to serve. If you have any questions, please call the St. Clair County Community Mental Health Administration office at (810) 985-8900.

Sincerely,

Debra Johnson
Executive Director

Name: _____

Address: _____

Social Security Number: _____

My signature indicates I have read and am in agreement with policy 07-003-0005.

Signature:_____ Date:_____

St. Clair County Community Mental Health Authority

Promoting Discovery & Recovery Opportunities for Healthy Minds & Bodies

Debra B. Johnson
Executive Director

Mohammad Saeed, MD
Medical Director

Nancy Thomson
Board Chairman

SCCCMHA BOARD/ADVISORY/COMMITTEE MEMBER

WAIVER OF PER DIEM

I am requesting that I not receive a per diem for my service on the "*Fill in the Name of the Board/Committee/Advisory Council*". I will still receive my travel reimbursement at the approved IRS rate. This election is effective _____ and will remain in effect through my tenure as a Board/Advisory/Committee member or until such time that I request (in writing) to end this waiver.

Name: _____
(Please Print)

Signature:_____

Date:_____

cc: Executive Director
Finance Director
SCCCMHA Board/Advisory/Council Member File

3111 Electric Avenue, Port Huron, MI 48060 ◆ 810-985-8900 ◆ Fax: 810-985-7620 ◆
www.scccmh.org

EXHIBIT C

COMMITTEE/ADVISORY COUNCIL MEETING MEMBER VOUCHER

St. Clair County Community Mental Health Authority

Name: _____ Date Submitted:_____

Address:_____ Date Covered:_____Through:_____

_____

Date	Committee	Per Diem	Total
		$	$
Totals:		$	$

_____
Signed

_____
Approved by:

Committee/Advisory Council Member:

Thank you for serving as a member of a designated committee or advisory council. Your input is a very important element of the decision making process regarding our services.

Per diems are paid by check in the next available payroll cycle. Please complete this form and return it to:

Kathleen Gallagher, Program Director
St. Clair County Community Mental Health Authority
3111 Electric Avenue
Port Huron, MI 48060

If you have any questions, please call Kathleen Gallagher, Program Director, at (810) 966-7857.

EXHIBIT C

St. Clair County Community Mental Health Authority

COMMITTEE MEETING FOLLOW-UP REPORT

This form must be completed within one (1) week following the conference/workshop attended.

SECTION I

Name: _____ Date: _____

Name of Meeting: _____

Date(s) Attended: _____

SECTION II

Write a brief synopsis of the content of the meeting:

_____

_____

_____

_____

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_____

Important points for SCCCMHA Administration to know regarding this meeting:

_____

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Note: Form must be submitted prior to payment disbursement.

cc: Executive Director