



Policy Number:
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March 10, 2022
Subject: Financial Management

PURPOSE:

Camden County Developmental Disability Resources (CCDDR) shall have a policy to implement sound financial management practices that allow for accountability and reduce the threat of fraud or theft regarding board assets. All financial management practices of the board shall comply with applicable state and federal laws.

POLICY:

I. Separation of Functions

CCDDR shall strive to achieve proper separation of all financial transactions and bookkeeping to minimize the possibility of theft or fraud with regard to CCDDR assets and funds. The Financial Management Procedures shall identify the separation of functions and all financial processes. No single employee or Board member shall have sole control of processing and approving any financial transaction.

II. Approval & Execution of Operational Expenditures, Contracts, & Purchase Agreements

No Services Program operational expense (operational expenses do not include depreciation expenses) shall be approved and/or processed if the operational expense will cause the overall annual operational expenses to exceed the total amount of overall annual operational expenses authorized in the Board approved annual Services Program budget without Board approval through a resolution unless an emergency as defined in Policy #31, Procurement, has been declared or if total annual Service Program income less total annual Service Program operational expenses do not or will not reflect a negative net operating income by year end.

SB 40 Tax Program expenses are authorized through a Resolution of the Board, a purchase of service and/or supports (POS) agreement approved by the Board, funding agreements approved by the Board, a contract approved by the Board, and/or the Board approved annual SB 40 Tax Program budget. Should an expense authorized through a POS agreement, an expense authorized through a contract, or other SB 40 Tax Program expense potentially cause the overall annual expenses to exceed the total amount of overall annual expenses authorized in the Board approved annual SB 40 Tax Program budget, the Board

shall ensure there are sufficient funds available by year end to pay for the expense and all other remaining expense obligations.

No expenditure shall be authorized if there is a potential conflict of interest without first being reviewed and approved by the Board through a resolution. All Board members shall have access to CCDDR financial records and may request documentation on any financial transaction at any time. The Board shall receive a monthly summary of all checks written the previous month on all CCDDR banking accounts and shall approve these payments/expenditures as part of the monthly financial statements.

The Executive Director, Board Chairperson, or other agency administrative designee may execute purchases, contracts, funding agreements, and POS agreements as necessary when authorized through the fiscal budget approval process as identified in Policy #18, Annual Budgeting Process; emergency procurement authority as identified in Policy #31, Procurement; and the procurement process not requiring a formal competitive bidding process as identified in Policy #31, Procurement. Contracts, funding agreements, POS agreements, or other related instruments resulting from a Request for Proposals (RFP) or Notice of Funding Available (NOFA) as identified in the formal competitive bidding process in Policy #31, Procurement, must be approved by the Board of Directors, and they can be signed by the Executive Director, Board Chairperson, or other agency administrative designee after approval. The signing of contracts, POS agreements, or other related instruments may be witnessed, if applicable and/or necessary, by the Compliance Manager, Accounting Manager, or other agency administrative designee.

CCDDR must have adequate funds available to pay any contractual amounts. Unless otherwise provided by law, a contract or agreement for the purchase of supplies or services/supports may be entered into for any period of time deemed to be in the best interests of CCDDR, provided the term of the contract and conditions of renewal or extension, if any, are included in the competitive bidding process as identified in Policy #31, Procurement, and funds are available for the contract or agreement period at the time the contract or agreement is executed. If funds are longer available to support continuation of performance in subsequent fiscal periods of a multi-term contract or agreement, the contract or agreement shall be cancelled, and the contractor shall be reimbursed for a reasonable value of any non-recurring costs incurred but not amortized in the price of the supplies or services/supports delivered under the contract or agreement. The cost of cancellation may be paid from any operational, unrestricted, operational reserves, or other restricted funds available.

III. Signing of Checks

All checks, drafts, and other evidence of indebtedness issued in the name of CCDDR must have the signature of two officers of CCDDR, or one officer and

the Executive Director. Persons signing checks shall also be provided copies of invoices that checks are being prepared for as a means of verifying the accuracy and validity of payments. All officers authorized to sign checks as well as the Executive Director shall be covered by a blanket fidelity bond, surety bond, or other similar insurance policy as described in Article IX of the Bylaws.

IV. Financial Accounting

CCDDR will conduct its financial accounting under the premise of the Proprietary Fund Accounting System, Enterprise Fund accounting principles (accrual basis). This is needed to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Board is to show that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The accounting and recording of financial transactions shall be done internally and the processes will be identified in the Financial Management Procedures. CCDDR may utilize the services of a CPA to supplement its accounting systems, recording, or reporting in whole or in part if the need arises and is justified.

V. Fixed Assets

CCDDR shall maintain a list of all fixed assets with a usable life of over 1 year and an original purchase price of \$1,000 or more. This list shall document the item, date of purchase, amount of purchase, model number (if applicable), serial number (if applicable), physical location, and date/method of disposition (if applicable). Any items determined to be fixed assets under prior criteria shall remain as such for their useful life. All CCDDR property shall be tagged with property control stickers, if practical. Prior to disposing of any fixed asset of the board, the Executive Director, Board Chairperson, or other agency administrative designee must first declare the asset as inoperable/unusable or surplus property. For fixed assets whose original individual purchase price was \$6,000 or more prior to September 9th, 2021, or \$12,000 or more on or after September 9th, 2021, the CCDDR Board of Directors must approve of the disposal or sale of the fixed asset. The fixed asset list shall be updated annually.

VI. Board Investments

CCDDR may maintain fund balances carried over from prior years or excess funds during the current year. The Board may invest these funds at its discretion into investment accounts. All Board-controlled investments shall comply with Policy #27, Investment of Board Funds.

VII. Unaudited Financial Statements

Unaudited Financial statements shall be completed monthly for the Board's review and

approval. Financial statements are to include a profit and loss statement for the previous month, a year-to-date profit and loss statement as of the last day of the previous month, a year-to-date balance sheet as of the last day of the previous month, a cash flow statement for the previous month, and a year-to-date cash flow statement as of the last of day of the previous month. The format of the profit and loss statements shall show budgeted vs. actual revenues and expenditures for the previous month and the fiscal year-to-date as of the last day of the previous month. Each of these reports shall reflect a separation of the SB 40 Tax Program transactions and the Services Program transactions. The profit and loss statements shall also reflect the variances. The Executive Director, Accounting Manager, or other agency administrative designee shall also provide a synopsis of the variances. Copies of the reports shall be posted on CCDDR's Web site for public viewing.

VIII. Sharing of Financial Data with Stakeholders

Year-end financial data shall also be shared with CCDDR stakeholders by incorporating this data within CCDDR's Annual Report, which shall be posted on CCDDR's Web site for viewing by the public and any other interested parties.

IX. Annual Audit

CCDDR shall obtain an independent audit of all agency finances from a Certified Public Accountant annually. The audit shall include reports on CCDDR's compliance with internal controls related to financial statements and applicable laws, regulations, contracts, agreements, and grants in accordance with Governmental Auditing Standards, as well as compliance with Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations," and/or any applicable superseding supplements or publications hereafter. The annual audit shall contain a Management Letter in which findings and recommendations are provided.

X. Pledged Securities

CCDDR shall obtain pledged securities from financial institutions in which the account balance is or may exceed \$250,000.

XI. Petty Cash

CCDDR may maintain a petty cash fund to meet immediate and relatively minor purchases of the agency. An amount of no more than \$25.00 may be maintained in the petty cash fund. A ledger shall document all purchases from petty cash, and signed receipts shall be stapled to the petty cash ledger. The petty cash fund shall be reconciled monthly.

XII. Business Credit Accounts

CCDDR shall maintain credit accounts at selected places of business for office

supplies and other routine supplies required by the board for its operations. All such applications for business credit shall be prior approved by the Executive Director or Board Chairperson and account balances shall be paid in full to the business each month by CCDDR. CCDDR shall not obtain business credit accounts at businesses in where finance charges are made for balances less than one month old.

XIII. Review of Service Billing

On a monthly basis, the Executive Director or agency administrative designee shall review all Targeted Case Management billings to determine their accuracy, determine why unpaid claims were not paid, and implement/follow up with corrective actions as needed.

XIV. Cost Analysis of Services Provided

On a monthly basis, the Executive Director, Accounting Manager, or other agency administrative designee shall prepare a report for the CCDDR Board of Directors showing total program costs, including both direct costs and indirect (overhead) costs, revenues received, and the net gain or loss for that month. An annual report based on year end data shall be provided to the CCDDR Board of Directors in January for the prior year. The annual reports may contain comments by the Executive Director and may contain suggestions to improve efficiencies to the programs as a means of ensuring continued financial viability.

REFERENCES:

- CARF Standards Manual
- Chapter 70, Revised MO Statutes
- Chapter 67, Revised MO Statutes