

<b>Shepherds Recovery Counseling Services Inc.</b>	<b>Policy and Procedures</b>
<b>Policy Type:-</b> Aspire to Excellence	<b>Policy Number:</b> FPM - 150
<b>Subject:-</b> Financial Planning and Management	<b>Adopted:</b> 06/10/2017
<b>Section:-</b> (1.F)	<b>Effective:</b> 07/10/2018
<b>Approved By:-</b> <i>Jemi Rotimi</i>	<b>Revised:</b> 08/12/2020

**(1.F.1) – The organization Financial Planning and Management Activities**

► **Policy:** It is the policy of (**SRCS Agency**) that a regular Financial Planning Process will be conducted and that it shall be based on sound fiscal principles. The Financial Plan ensures the financial solvency of the **SRCS Agency**, provide for the continuity of services, and meet the Board’s fiscal goals.

► **Procedure:**

1. (a) Financial planning will include long-range goals to promote self-sufficiency and financial growth. This plan will comply with all applicable financial requirements set forth by the agency’s funding sources and other regulatory bodies. Planning shall be focused toward the goal of assuring that the quality and quantity of programs and services shall not vary solely due to changes in funding sources.
2. (b) The financial planning process shall provide for the preparation, approval, and modification of the annual budget. This budget shall be based upon the organization’s program priorities and shall be in compliance with the budget requirements of the Federal and state governments and other applicable funding sources.
3. (c.)The plan will include documentation of appropriate known funding sources that those requirements are compatible with the philosophy of this Board and which could assist this agency in providing services to the community. **SRCS** agency at least identifies direct and indirect costs, revenues, and expenses, internal and external reviews of financial trends, challenges, opportunities, and business trends.

► **Fiscal Year**

**SRCS Agency** fiscal year shall be from **July 1 - June 30**. The fiscal year shall be the same time period upon which annual budgets shall be based with expenditures recorded against that budget for said time period. **SRCS Agency** fiscal policies shall be reviewed annually prior to the start of the fiscal year. Such reviews shall be income and/or expenditures by the executive director

► **(1.F.2) Annual Budgets are prepared**

**a. Prior to the start of the fiscal year**

The **Executive Director** shall present an annual budget. The **Executive Director** shall adopt the annual budget no later than its regular meeting in June of each year to take effect on July 1 of the next year. The annual budget is defined as an operational plan for **SRCS Agency** that contains projections by source of revenues to be collected and with

amounts established by program categories to be expended for general purposes.

Grant or funding proposals shall require the approval of the **Executive Director**. If approved by the **Executive Director**, any such proposal will become an amendment to the annual budget. Upon the **Executive Director's** approval of funding proposals and the funding source's acceptance of the proposal, the annual budget is thereby amended accordingly. However, when changes occur between the proposals approved and that accepted, such changes shall be presented to the **Executive Director** taking into consideration approved priorities.

The **Executive Director** may establish additional criteria for the annual operations budget and information to be included in the budget.

**b. That:**

**(1) Include:**

a. Reasonable projections of

(i) **Revenues:** - **SRCS** will make every effort to diversify its revenue streams and have more than **OHCA** Medicaid.

(ii) **Expenses:-**

1. The **Executive Director** must approve all supply requests before orders are made.
2. Equipment orders of greater than **\$500.00** need approval of the **Executive Director**.
3. Supplies and equipment purchased are to be properly allocated to the appropriate cost center(s).

(iii) **Capital expenditures:** - The **Executive Director** may establish priorities for expenditures approved in the annual budget contingent upon the receipt of adequate revenues. In the event that revenues collected are below those revenues anticipated the **Executive Director** shall institute necessary procedures to assure that expenditures do not exceed Audit Budget revenues.

(b) Input from various stakeholder as required

(c ) Comparison to historical performance

(d) Consideration of necessary cash flow

(e ) Consideration of external environment information

2. Are disseminated, as appropriate

To:

(a) Personnel

(b) Other Stakeholders

3. Are:

(a) Written

(b) Approved by the identified authority

► **(1. F.3):- Actual Financial results are**

a. Compared to budget: - this will be done each fiscal year

b. Reported as appropriate to

1. Personal like the executive Director
  2. Persons Served: - This will be base on services render to person served
  3. Other Stakeholder
- c. Reviewed at least monthly

▶ **(1. F.4):- The organization identifies and reviews at a minimum**

- a. Revenues: - **SRCS agency** will minimum it revenue collection base on services.
- b. Expenses: - **SRCS agency Executive Director** will
- c. **Internal:** - This will be performed every Quarterly
  1. Financial trends: - **SRCS** will measure it financial trend using accounting principle
  2. Financial challenges: - **SRCS** agency recognized it past **2** years financial challenged due state Medicaid reimbursement cut
  3. Financial opportunities
  4. Management information
- d. **External**
  1. Financial trends
  2. Financial challenges
  3. Financial opportunities
  4. Management information
- e. Financial solvency with the development of remediation plans if appropriate
  1. Financial trends

▶ **(1. F.5):- The organization has related entities it identifies**

- a. Type of relationship
- b. Financial reliance on related entities
- c. Responsibilities between related entities and the organization including
  1. Legal
  2. Contractual
  3. Other
- d. Any material transactions

▶ **(1. F.6):- The organization has related entities it identifies**

- a. Type of relationship
- b. Financial reliance on related entities
- c. Responsibilities between related entities and the organization including
  1. Legal
  2. Contractual
  3. Other
- d. Any material transactions

► **(1. F.7):- The organization has related entities it identifies**

- a. Type of relationship
- b. Financial reliance on related entities
- c. Responsibilities between related entities and the organization including
  - 1. Legal
  - 2. Contractual
  - 3. Other
- d. Any material transactions

**(1. F.8):- The organization has related entities it identifies**

- a. Type of relationship
- b. Financial reliance on related entities
- c. Responsibilities between related entities and the organization including
  - 1. Legal
  - 2. Contractual
  - 3. Other
- d. Any material transactions

**(1. F.9):- The organization has related entities it identifies**

- a. Type of relationship
- b. Financial reliance on related entities
- c. Responsibilities between related entities and the organization including
  - 1. Legal
  - 2. Contractual
  - 3. Other
- d. Any material transactions

**(1. F.10):- The organization has related entities it identifies**

- a. Type of relationship
- b. Financial reliance on related entities
- c. Responsibilities between related entities and the organization including
  - 1. Legal
  - 2. Contractual
  - 3. Other
- d. Any material transactions

**(1. F.11):- The organization has related entities it identifies**

- a. Type of relationship
- b. Financial reliance on related entities
- c. Responsibilities between related entities and the organization including
  - 1. Legal
  - 2. Contractual
  - 3. Other
- d. Any material transactions

### ► **Audits**

An independent financial audit of the **SRCS Agency** shall be conducted annually, no later than ninety (**90**) days of the close of the fiscal year. The **Executive Director** shall approve an auditor to perform the annual audit. The **Executive Director** shall establish the criteria for selection of the auditing firm and evaluate that selection annually. Copies of the final **Audit** shall be provided to the **Executive Director** after its completion. The **Executive Director** shall take necessary steps to correct any deficiency identified by auditors. The financial audit shall be conducted according to generally accepted auditing principles for quasi-governmental and/or non-profit organizations and will encompass a financial, compliance, and internal controls examination, with such examination being performed with the Single **Audit Act** provisions and other State and Federal guidelines.

The **Executive Director** shall be notified of any audits required or conducted by any of the **Executive Director's** funding sources. A written report of all audits shall be provided to the **Executive Director** at a meeting following receipt of the audit report.

### ► **Cash Management**

The **Executive Director** shall evaluate the financial institutions used for the depository of Agency funds at least annually and advise the **Executive Director** in selecting those institutions and management policies, which maximize the most economic use of **SRCS Agency** funds.

All monies not otherwise assigned or restricted by **SRCS** policy shall be invested in federally insured banking and investment institutions in interest-earning accounts, except that funds may be transferred to a checking account to cover checks issued on that account. The **Executive Director** may approve investments of funds for periods of time not to exceed one year; and the **Executive Director** shall approve all investments for periods of time greater than one year. All checks issued to be drawn on **SRCS** checking accounts must be signed by the **Executive Director**. No check may be issued for any purpose other than as provided in the annual budget unless approved by the **Executive Director**. The **Executive Director** may transfer funds between **SRCS** accounts.

### ► **Insurance**

The **Executive Director** shall obtain insurance for: a) All **SRCS Agency** owned Property (or property leased for which the Agency bears a risk); b) Premises Liability coverage at each facility operated by the Agency; c) Professional Liability; d) Executive Directors and Officers Liability; e) Bonding Protection; f) Non-Owned Vehicle Liability; g) Workers Compensation; and h) Other protection as recommended by the Administrative Management staff or **Executive Director**. The limits of insurance obtained shall meet the requirements of funding and contract requirements. Insurance coverage shall be reviewed annually by the **Executive Director**. All staff involved in

the handling or processing of Agency funds or property will be bonded for a minimum of **\$10,000.00**. The **Executive Director** will be bonded for a minimum of **\$25,000.00**.

### ►Contracts

The **Executive Director**, or his/her designee, may approve a contract between the Agency and another party to secure or obligate services, according to the Executive Director approved budget and priorities. Prior to the approval of any contract for services, an analysis of the cost of contracting versus employing the person, the criteria for obtaining of the services, and alternatives considered must be presented to the **Executive Director**.

Contracts, at a minimum, must contain the approval of the **Executive Director**, or his/her designee, and the other contracting party, dates, services to be provided, compensation, and the person in the Agency responsible for the contract.

No compensation may be issued to any contracting party for services that have not been delivered or when proper reports of delivered services, as provided by the **SRCS Agency**, have not been received. All contracts shall remain on file with the **SRCS Agency** for a period of five (5) years following fulfillment of all conditions contained therein. An Agency employee shall be designated by the **Executive Director** to evaluate the performance of each party contracting with the Agency. The **Executive Director** is authorized to sign contracts with funding sources if the **Executive Director** has approved the Annual Budget or has approved the grant or funding proposal. The **SRCS Agency** shall comply with confidentiality policy of the contractor, within legal regulations and laws. The **SRCS Agency** shall uphold and maintain the confidentiality of its Clients.

### ►Facilities

No facility may be purchased, or any obligation to purchase made, with Agency funds without the expressed approval of the **Executive Director**. All long-term leases exceeding twenty-four (24) months, or twenty-four thousand dollars (**\$24,000**) per year, must be approved by the **Executive Director**.

All facilities leased by the agency shall be on the basis of a "lease agreement" or "letter of understanding" that, as a minimum, contains the description of property rented, monthly cost, and effective dates of the agreement that is signed by the owner, or his/her agent, of the facility and the **Executive Director** or designated representative.

### ►Fees

Any fees established by the Agency for services will be based on the cost of the services rendered and will reflect the charges established by the fee schedule. Individuals will be

expected to reimburse the **SRCS Agency** according to the cost of the service and their ability to pay. No individual will be refused services because of inability to pay.

The adopted fee schedule shall have an adjustment schedule of charges based on family income and family size. Current family situations shall also be considered in determining a fee for services. Fees shall only be adjusted for consumers without private/commercial insurance, Medicare or Medicaid coverage.

In the event a consumer fails to keep a scheduled appointment by failing to give **SRCS Agency** a 24-hour notice of cancellation, the consumer is subject to a charge for a "No Show" at the Client's established fee rate. Fees for services shall be due and payable at the time the service is rendered. If the consumer is unable to make payment at the time of service, a payment plan must be arranged. The fee schedule will be reviewed annually and changes approved by the **Executive Director**.

#### ▶Petty Cash

A Petty Cash Fund in the amount not to exceed **\$250.00** may be maintained for incidental and/or emergency expenses. Receipts for all expenses from such Petty Cash Fund must be maintained and submitted to the **Executive Director** at intervals no greater than monthly. The **Executive Director** shall designate a custodian of the Petty Cash Fund.

#### ▶Administration

The **Executive Director**, with the advice of the **Office Manager** shall be responsible for the interpretation, implementation and administration of these fiscal policies. The **Executive Director** shall issue any procedures or regulations necessary to carry out these policies and may delegate authority to implement these policies, procedures and regulations.

The **SRCS Agency** shall comply with any fiscal regulations or rules promulgated by any funding source, except that if such rule or regulation is in conflict with these fiscal policies, or any other **Executive Director** policy.

#### ▶Cash Receipts

The **Executive Director** will be responsible for the development and implementation of procedures designed to provide maximum internal control. All funds received will be entered on the Monthly Receipts Ledger. Receipts will be prepared for all cash received or for all contributions received. The **Executive Director** or his/her designee will be the individual(s) responsible for receiving and receipting funds.

All checks received are to be immediately stamped with the appropriate bank account number and the "For Deposit Only" endorsement. After cash receipts and checks have

been logged by the **Executive Director** designee, they will be forwarded to the Executive Director who will be responsible for depositing the funds. . All receipts should be properly secured in a locked file drawer, until deposited.

The Office Manager will review the Monthly Receipts Ledger on a weekly basis. The ledger will be reconciled with the record of deposits provided to the accountant at the end of the month. The consumer's copy of the receipt will be given to the payer (consumer) when direct payments for services are made. In the case of mailed in payments, the consumer's copy will be placed on file and given to the consumer on his/her next visit.

In the case of mailed in donations/contributions, the original receipt will be included with the letter sent acknowledging the donation. The Office Manager will prepare a deposit to the appropriate bank account by completing a bank deposit slip in duplicate.

Checks will be identified on the deposit slip along with the total amount of currency and coins, and will be coded to the appropriate Income Account. The deposit will be double-checked to insure that the deposit total balances with the actual receipts. Receipts totaling **\$100.00** or more should be deposited at the end of the day in which they were received if at all possible. Deposits will be made on Friday of each week, and on the last working day of the month, without exception.

The deposit and two copies of the deposit slip (original and carbon) will be taken to the bank. The bank will date stamp the deposit book copy. Any bonded staff can physically make daily deposits, except that the **Executive Director** will personally deposit funds totaling over **\$10,000.00**.

A copy of the coded deposit slip is provided to the **Executive Director** so that the daily transactions can be entered. A record of all deposits made during the month will be provided to the accountant at the end of the month. A copy of the deposit slip and check copy will be filed in the appropriate Income Account File and, where applicable, in the contract file.

### ►Cash Disbursements

The **SRCS Agency Executive Director, Clinical Director and HR Director** are responsible for safeguarding agency monetary assets. All checks and cash will be secured by lock during non-business hours, or during business hours when not required for work completion or mailing. All checks will be supported by appropriate documentation before writing and obtaining required signatures. The **SRCS Agency Executive Director, Clinical Director and HR Director** are authorized to transact financial business, to endorse and deposit checks, drafts or orders, and to sign checks and orders for withdrawing funds for all bank accounts on behalf of the agency. The **Executive Director** is authorized to transact financial business, to endorse and deposit



checks, drafts or orders, and to transfer funds between all bank accounts on behalf of the agency.

All bank statements will be reviewed by the **Executive Director**. Expenditures exceeding one thousand (1,000.00) for nonrecurring, non-budgeted items shall require prior authorization from the **Executive Director**.

#### ► **Account Payable**

All invoices and purchase requisitions will be reviewed and approved by the Executive Director prior to payment.

Agency checks will be prepared in duplicate. Invoices will be paid between the 10th and the 15th day of the month, or on the last day of the month when payroll checks are processed, in order to take advantage of any vendor discounts offered. Checks submitted for signature shall be accompanied by invoiced, purchase requisitions, and/or payment approval documentation for review.

Original checks are disbursed/mailed to vendors by the **Executive Director**. A copy of the check, along with all documentation will be filed for record. A record of all deposits and disbursements, with funds allocated to appropriate categories, will be provided to the accountant on a monthly basis.

#### ► **Payroll**

A time sheet for all employees is to be submitted to the **Executive Director** bi-weekly. Time sheets will include the staff member's name, title, Social Security Number, pay period and the beginning and end dates. Time worked and leave/holiday information is to be recorded in the appropriate sections of the time sheet. All applicable sections will be completed and each column totaled. Time sheets will be completed and signed by the employee, reviewed and signed by the employee's immediate supervisor and signed by the **Executive Director** prior to payroll processing. Failure to meet established deadlines for submission of timesheets may delay process of individual paycheck for up to two weeks. The **Executive Director** will complete a Payroll Information Data Form for each pay period which includes the salary rate/account and all employee elected payroll deductions.

Payroll is written bi-Monthly on the 1<sup>st</sup> & 15<sup>th</sup> working day of each month. Changes in routine payroll information, i.e., rate of pay, marital status, claimed dependents, etc., or information on new employees, will be submitted using the proper Payroll Change Form by the employee. Payroll checks will be prepared in duplicate, and a Payroll Register generated. The **Executive Director** will be responsible for insuring the payment of payroll taxes and all **SRCS Agency** approved voluntary payroll contribution programs, i.e., Credit Union, United Way, etc. The **SRCS Agency** accountant or payroll contract **SRCS Agency** will be responsible for the preparation of the quarterly payroll tax reports.

Payroll checks will be signed and handled in the same manner as prescribed for accounts payable checks. Payroll checks are placed in individual envelopes and distributed to employees after **4:00 p.m.** on pay days. Payroll checks will be released to the employee only, unless the employee has authorized in writing otherwise. Time sheets, payroll and leave records will be maintained for each employee for a seven-year period.

### ► **Travel Reimbursement**

**SRCS Agency** travel reimbursement shall be in accordance with current guidelines and rates established by the State of Oklahoma. Any exception to State guidelines or rates requires the written approval of the **Executive Director**. At the discretion of the **Executive Director**, a narrative trip report may be required. All travel and transportation cost claims will be completed on the designated **SRCS** form, signed and dated by the employee, and submitted to the **Executive Director** no later than the fifth (5th) working day of the month following the travel period being claimed.

Travel claims must be submitted on a monthly basis. A claim form shall not include travel covering more than an one-month period. If the amount of the claim is under **\$10.00**, claims will be held until a combined total of at least **\$10.00** has been submitted, or until the end of the quarter, whichever comes first. Reimbursement for transportation via private automobile will be at the approved Agency rate per mile based on the distance listed in the **Oklahoma State Commission** road map.

The following travel related items must be supported by a receipt: (a) claims for travel by commercial transportation costs, i.e., airplane, bus, rent car, etc., (b) lodging expenses; (c) parking fees, turnpike tolls, and public transportation, i.e., taxi, bus, etc. All claims for reimbursement of travel expenses must be payable to the person who actually performed the travel.

Travel claims must be paid out of the program year funds during which the travel was performed. Travel will be approved and reimbursed based on the availability of funds. Claims for travel reimbursement will be processed along with accounts payable checks and handled in the same manner.

### ► **Purchasing**

The **Executive Director** is responsible for the implementation of this procedure. The **Executive Director** will issue Purchase Requisition Numbers and record and maintain all purchase requests in the Purchase Requisition Log. The signatures of the Program Supervisor, or a staff member who does not have a Program Coordinator or supervisor, and/or the Executive Director are required on the Purchase Requisition prior to purchase. Non-routine, non-budgeted items costing more than **\$250.00** shall be

submitted to at least three (3) vendors for pricing prior to purchase. Pricing will include any delivery charges.

### ►Inventory

All inventoried items will be assigned an inventory number and recorded, along with descriptive and cost information, in the property book. Inventoried items will be marked "SRCS" - followed by the inventory number by engraving, or marking with indelible pen. The inventory will be updated and maintained by the **Office Manager** on an annual basis and the contents insurance reviewed.

Property which is considered to be of no value because of "fair wear and tear" may be disposed of provided it is documented that the **Executive Director** and the Office Manager concur that the property is of no value and agree on its disposition. A Property Disposal Form will be completed for such property. Approval of the **Office Manager** shall be required for the disposal of any equipment inventory. In the event that the book value of such equipment exceeds \$250.00, such disposal shall also require the approval of the **Executive Director**. At least three (3) written quotes for the sale or trade of such equipment shall be required, and in no event shall the Agency dispose of the equipment for less value than the highest quote.

### ►Internal Audit Policy and Procedures

#### Policy

Internal Billing audits review shall be conducted for each program monthly to ensure that billable services rendered are correctly documented in each consumer case record. The review process will be coordinated and facilitated by the office manager, in conjunction with other support staff personnel.

#### ►Purpose and Principles of the Internal Billing Audit

It is the purpose of this procedure to establish and maintain a uniform system for maintaining consumer case records; in compliance with applicable Federal, state, County, and local requirements and standards. It is further intended, by adoption and periodic amendment of this policy and procedures that they serve as a guide for employees of the agency in their routine work activities and relationships to the extent that the objectives of both the agency and government can be achieved.

#### ►The following are the process for internal billing audits of consumer files:

- 1). Audit of all programs is to be completed by **15<sup>th</sup> of each month.**
- 2). Completed program audit forms are to be turned in to **Office Manager** for summary report generation 5 working days from **15<sup>th</sup> of each month.**

- 3.) Summary Report is to be turned in to **Executive Director** by the 7<sup>th</sup> working day from 15<sup>th</sup> of each month.
- 4.) The **Executive Director** will review findings of each program audit and discuss findings with each Program Coordinator.
- 5.) Copies of the review findings will be given to Program Coordinators for review and/or correction when necessary.
- 6.) The **Executive Director** will establish a two week deadline for each program to submit a written response to the finding of this report.
- 7.) **Executive Director** will return Summary Reports to the **Office Manager** for final review of all responses, within 7 working days.
- 8.) Auditor will date and sign-off on final corrections
- 9.) The **Office Manager** will submit a written report summarizing overall findings, improvement, recommendations to decrease errors, and maintain quality service.