

**JEFFERSON COUNTY COMMUNITY MENTAL HEALTH FUND and
CHILDREN'S SERVICES FUND**

TITLE: **FINANCIAL CONTROL POLICY**

LAST REVISED: 4/20/2023

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A. Budgets

Jefferson County Mental Health Fund Board's (JCCMHFB) budget is prepared by the Finance Committee and approved by the Board of Directors annually. Budgets provide a standard by which to measure performance, encourage planning, and allocate resources in accordance with funding source requirements.

1. Budgets should use reasonable assumptions of income and expenses.
2. Budgets should be balanced, and should lead to the accumulation of reasonable reserves, which can be used to ensure cash flow over time.
3. The Board must be notified when cash reserves are below 3 months regular operating expenses.
4. The JCCMHFB budget is prepared by the Executive Director, in consultation with the Finance Committee, beginning no later than October.
5. Procedures
 - a. Budgets are approved by the Executive Director prior to submission to the Board of Directors for formal adoption.
 - b. The Executive Director will submit an annual organization budget to the Board of Directors for their approval in December. The Board may, whenever it deems necessary, also approve a Capital budget.
6. Budget Revisions
 - a. From time to time it will be necessary to deviate from the spending plans captured in organizational budgets.
 - b. Non-budgeted expenditures that exceed \$500 will be recommended by the Executive Director to the Board for approval, with consideration of a formal revision of the approved annual budget.
 - c. Non-budgeted expenditures between \$500 and \$1,000 that cannot be easily accommodated by shifting expenses from another budget line should prompt consideration by the Executive Director as to how it will be financed, and how other budgeted expenses may be affected. The Executive Director may make the final decision.
 - d. Non-budgeted expenditures less than \$5000 do not require additional reconsideration at the discretion of the Executive Director. In either instance, the Board may overturn the decision of the Executive Director within their fiduciary responsibility for the organization.

- e. Within any budgeted expense category, expenditure changes that do not exceed the total budgeted amount are within the discretion of the Executive Director. (For example, funds allocated to Program may be redirected for other Program purposes if the total line item amount is not exceeded.)

B. Financial Records and Reports

1. A Chart of Accounts will be used to code receipts and disbursements to the proper accounts to enable proper tracking.
2. The Executive Director will supervise the reconciliation of the bank statement with bookkeeping records monthly. The Treasurer will also review a copy of the bank statement.
3. At a minimum, the Executive Director will supervise the following monthly financial reports for review by the Finance Committee: Balance Sheet, Income Statement, Budget-to-Actual Comparison, and Cash Flow Report.
4. The Executive Director will supervise a monthly presentation on the above noted reports to the Treasurer and/or Board.
5. The Executive Director will supervise a report on monthly journal entries for reasonableness and prepare a report for the Board.
6. The Board of Directors will supervise a review of the budget-to-actual presentation and financial report prepared by the Executive Director and Treasurer at every meeting. Any budget variances above 10% will be explained in writing. This will not be implemented until the calendar year 2024. Any expenditure that exceeds the total budgeted amount for the year will be explained and justified.
7. An audit or other external review will be conducted by an independent CPA annually. The Board of Directors will review the auditor's report and Form 990 annually and approve this.

C. Safeguarding Financial Accounts

1. A proper filing system will be maintained for all financial records (this includes scanning and filing digitally and filing physical documents).
2. Actual income and expenditures will be compared to the budget monthly.
3. All funds will be kept at one or more bank accounts approved by the Board.
4. All excess cash, other than small amounts of petty cash and/or the small business operating account, will be kept in an interest-bearing account if possible.
5. No bank account should contain more than the FDIC insured amount unless additional coverage is negotiated and provided by the bank.
6. Bank statements will promptly be reconciled to the general ledger monthly by the designated staff, who will also notify the Executive Director of any discrepancies. The Executive Director will inform the Treasurer of all discrepancies with the bank.

7. The Executive Director is responsible for promptly notifying financial institutions of any changes to authorized signers on organizational accounts.
8. Independently, the Treasurer or the Board Chair will receive a copy of the monthly bank statement for review of reasonableness.
9. Once per calendar year, the Executive Director will be required to take 5 consecutive days off and, during this time, an officer of the board will be responsible for overseeing all board financials and accounts.

D. Funds Received/Receipts

1. Mail is to be opened promptly by the Executive Director or the Executive Director's appointee.
2. All funds from the County are electronically transferred directly from their accounts to our accounts.
3. All checks and cash receipts received through the mail or in person are restrictively endorsed "For Deposit Only" immediately by the Executive Director, or his designee, and recorded in the cash receipts log maintained as a spreadsheet, listing the date received, payor, check #, and amount received, as well as in the fundraising database.
4. The Executive Director will make a copy of each cash receipt, and deliver all cash received and copies to the Treasurer. Cash and receipts will be stored in a locked file cabinet for deposit.
5. The designated staff shall prepare the bank deposit at least weekly if necessary, attaching a copy of the deposit slip and deposit receipt to the cash receipts copies.
6. A copy of the deposit slip from the Bank is compared and attached to the corresponding receipt copies and cash listing.
7. The Executive Director will retain a copy of each cash receipt.
8. For gifts received online or by credit card, the Executive Director will post the transaction to a third-party vendor through the organizational database.
9. When the deposit is confirmed, the Executive Director will enter a copy of the confirmation into the journal on a weekly basis.
10. The Executive Director, or his designee, shall code all cash receipts according to the chart of accounts.
11. The Executive Director, or his designee, prepares the cash receipts journal on a timely basis, using the cash receipts summary sheet.
12. The Executive Director, or his designee, posts the cash receipts journal to the general ledger on a regular basis, and at least monthly.

E. Accounts Payable

1. All invoices received are stamped with the date received by the Executive Director or his/her designee and placed in the unpaid open invoice file.
2. The Executive Director, (or the Treasurer or Board Chair, approves all invoices and expenditures and prepares check requests weekly.

3. The Executive Director, or his designee, immediately records all disbursements in the account's payable ledger.
4. The Executive Director, or his designee, prepares all checks for the approved expenditures using pre-numbered checks.
5. The checks, with support documentation (approved invoices and/or check requests), are forwarded to the Executive Director. The Executive Director reviews all checks and supporting documentation prior to signing checks. All checks need a second signature. The Executive Director will be responsible for obtaining the second signature from an authorized signer.
6. After the checks are signed, the Executive Director marks the check request and all supporting documentation "PAID", noting check number and date. The Executive Director will then make a copy of each check and check request. The check copies and supporting documentation is/are then submitted to the Chair, Treasurer, and the accountant. The Executive Director is responsible for mailing all checks.
7. The Executive Director, and/or his/her designee, will file a copy of the check, with supporting documentation attached, by vendor.
8. The Executive Director, and/or his/her designee, prepares the cash disbursements journal on a timely basis, using the check file.
9. The Executive Director, and/or his/her designee, posts the cash disbursements journal to the general ledger on a timely basis, using the cash disbursements journal.
10. The Executive Director, and/or his/her designee, reconciles the accounts payable ledger to the general ledger monthly.
11. If possible, payments will be made electronically.

F. Fund Disbursements

1. All disbursements are made by check, credit or debit card, or ACH. Credit card statements will be reconciled to substantiating documentation monthly.
2. All checks are pre-numbered and accounted for monthly.
3. Blank checks are stored in a locked drawer.
4. The designated staff is responsible for invoices and check requests being marked "PAID" once they have been.
5. Blank checks may never be signed in advance of their completion.
6. Electronic banking allows wire transfers, electronic transfers, stop payments on checks, and account balance inquiries be initiated and completed via computer or telephone. The Executive Director may approve a transaction that is to be completed up to his/her approved limits -- \$500 or less.
7. When a wire transfer, electronic transfer (if not between one of our accounts), or stop payment has been requested by the Executive Director, the documentation supporting the transaction is given to the Treasurer before initiating the transaction.

G. Accounts Payable and Fund Disbursements

1. Contract Payments to Program Beneficiaries: Allocation payments to beneficiaries of JCCMHFB funding must be approved by the Executive Director, who should reconcile payment amount with billing invoice, and create a master payment list. This list should in turn be reviewed by the Board Treasurer, who will issue final approval for payments.
2. The Executive Director approves check requests after comparing to supporting documentation. The supporting documentation is then submitted to the third-party payables vendor for issuing of the check.

H. Payroll

1. The Board Chair and/or Treasurer, and/or their designee, monitors the usage of vacation and sick time and maintains the attendance records.
2. Payroll is prepared using the time records approved by the Board Chair and/or Treasurer, and/or their designee, as well as salary/wage rates for each employee.
3. Payroll data is maintained online by, or otherwise transmitted to, the payroll service for processing.
4. Payroll is recorded in the bookkeeping system as a payroll cycle is completed.
5. The Executive Director and/or Treasurer is responsible for ensuring there are enough funds in the General Administration fund to cover each payroll cycle.
6. Paychecks are directly deposited to the employees' bank accounts. Employees receive duplicate vouchers that detail all deductions.
7. All payroll taxes are paid when due by the Executive Director or his/her designee.
8. The Treasurer and/or Board Chair verifies the payments at the end of each month by analyzing the payroll service reports and the bank reconciliation statement.
9. Changes in payroll data will be approved by the Board Chair and/or Treasurer before files are updated.
10. Payroll will be processed bi-monthly.
11. The Executive Director reviews the payroll register for proper processing of amounts.

I. Purchasing

1. Bids should be sought for goods and services exceeding \$5000.
2. Some form of cost or price analysis shall be made in connection with every procurement action more than \$1,500 per transaction.
3. Price should be one of the factors in the evaluation of responses, but the organization is not required to take the lowest price if other factors are important to the decision. Community impact, environmental and sustainability factors may also be considered.

J. JCCMHFB Debit Cards

1. In every instance of debit card usage, the individual using the card will be held personally responsible if the charge is deemed personal or unauthorized.
2. All debit card purchases in any amount must be reconciled and attached to supporting documentation on a monthly basis.
3. The Treasurer and/or Board Chair will review all debit card purchases monthly and must approve all payments when the corporate card is used by staff other than himself/herself. The Board Chair or Treasurer will review all credit card purchases made by the Executive Director.
4. The designated staff will enter all credit card transactions into the accounting software monthly.
5. The Treasurer and/or Board Chair must be notified immediately if a card is lost or stolen.

K. Vendor and Contractor Agreements and Leases

1. The Executive Director will maintain a secure file of all vendors, contracts, and lease agreements according to the document retention policy.