



<b>Policy Title:</b>	<b>Board Fiscal Responsibilities</b>
<b>Policy #:</b>	<b>07-001-0005</b>
<b>Effective Date:</b>	1/ /2025
<b>Approved by:</b>	SCCCMH Board
<b>Functional Area:</b>	Finance
<b>Responsible Leader:</b>	Karen Farr, Chief Financial Officer
<b>Policy Owner:</b>	Kyle McLeod, Administrative Specialist, Financial Management
<b>Applies to:</b>	All SCCCMH Staff and Board Members

**Purpose:** To set forth requirements for St. Clair County Community Mental Health’s fiscal responsibilities related to the management of budgetary compliance, financial reporting, cost settlements, purchases, accounts payable, accounts receivable, payroll, credit card use, capital assets, and charitable donations.

### I. Policy Statement

It is the policy of the St. Clair County Community Mental Health (SCCCMH) Board of Directors to ensure that SCCCMH 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.

### II. 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 SCCCMH Board and be consistent with *GAAP*.

1. The budget will be approved and formally adopted by the SCCCMH Board prior to the commencement of the fiscal year.
2. The budget will be amended by the SCCCMH 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 SCCCMH 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 SCCCMH and MDHHS and the contract between SCCCMH 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 SCCCMH 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 SCCCMH 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 SCCCMH.
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 \$5,000 but less than \$150,000 for a single item must be approved by the Chief Executive Officer (CEO). 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 Agency's Chief Financial Officer (CFO)/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 SCCCMH or to avoid financial consequences detrimental to the Authority.

1. When the SCCCMH 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. Payroll Processing:**

The purpose for establishing payroll policies is to provide accurate and timely processing of payments to employees for services rendered while incorporating procedures supporting the employer's ability to comply with all payroll and payroll-related laws and requirements. Best practices for payroll processing fulfills the state purpose by streamlining the management of payroll, by supporting accuracy of wage computation and resulting liabilities. This policy incorporates Internal Revenue Service

(IRS) employment tax regulations, U.S. Department of Labor (DOL) wage and hour requirements, state laws, collective bargained agreements, and other employment contracts, when applicable.

1. The Agency's pay structure is its policy for compensating employees at particular rates for a particular job, as well as communicate what employees may expect in the future which is clearly defined in the collective bargaining agreements between SCCCMH and its two union groups, SCCCMH Employees AFSME Local 3385 and Chapter 20. Proposed contract terms are approved by the Board prior to the ratification vote of the union membership.
2. The Agency must adhere to the federal and state labor laws and the payroll system is used for this purpose. The Fair Labor Standards Act (FLSA) sets the federal minimum wage laws and the State of Michigan mirrors the federal minimum wage. In the event the state minimum wage is greater than the federal minimum wage, the state minimum wage would apply. In addition, the Department of Labor (DOL) has many regulations regarding exempt vs. non-exempt employees; exempt qualifying for overtime pay for hours worked in excess of 40 hours in a work week while non-exempt do not normally qualify. Governmental entities have special rules for comp-time including limits on hours accrued and furlough days impacting exempt employees. These regulations are outlined in the Union collective bargaining agreements and the [Administrative Policy #06-001-0075, Personnel: Work Schedules; Leave time; Overtime; Timecards](#).
3. Governments, unlike private businesses, are impacted by the Freedom of Information Act (FOIA). Many aspects of managing the Agency payroll are confidential and special care is taken to ensure that [Administrative Policy #06-001-0155, Social Security Numbers Privacy](#), personal payroll elections (e.g. voluntary compensation deductions) is not revealed to the public.

**G. Credit Cards:**

Credit cards will be issued to specific staff only for their use for *SCCCMH Business*. Non-business and non-SCCCMH 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. Specific criteria set forth in the Act must be followed and is set forth below.
  - a. The SCCCMH Chief Financial Officer (CFO) shall be responsible for the issuance, accounting, monitoring, and retrieval, and oversight of compliance with the credit card policy.
  - b. Credit cards may be used by the cardholder for the purchase of goods or services for the official business of SCCCMH. All credit cards issued by

SCCCMH are considered property of SCCCMMH and not personal property of the cardholder.

- c. SCCCMMH credit cards are not transferable to another individual. No cardholder may permit another individual to use their SCCCMMH credit card for any reason. Any purchases made with a cardholder's card will be considered to have been made by the cardholder and will be their responsibility.
- d. The use of SCCCMMH credit cards is strictly limited to approved SCCCMMH business. Under no circumstances are SCCCMMH credit cards to be used for personal use, even if such charges are later reimbursed to SCCCMMH. The use of a SCCCMMH credit card to purchase goods or services other than for official SCCCMMH business is fraudulent use and is subject to disciplinary action and/or termination of employment as determined by the CEO. In addition, SCCCMMH may take criminal and/or civil legal action to recover losses incurred by such use.
- e. Credit limits shall be determined and modified by the CFO. The CFO may change the credit limit of any card without notice to an employee, if necessary for sound business management. Credit limits in excess of \$10,000 shall require the approval of the Chief Executive Officer (CEO).
- f. Cardholders must retain all vendors' receipts, records of telephone orders and/or copies of mail orders for future reconciliation of the credit card statement. Certain purchases (such as telephone orders) may not provide receipts. In that case, [form #0249 Credit Card – Receipt Exception](#) must be completed and approved by the cardholder employee's supervisor, CFO, or the CEO/Designee. The documentation must detail the goods or services purchased, cost, date of the purchase, and the business need.
- g. Purchases made with SCCCMMH credit cards are subject to the same requirements for review and approval as all other SCCCMMH disbursements.
- h. A cardholder is responsible for the credit card's protection and custody and shall immediately notify the CFO/Designee if the credit card is lost or stolen.
- i. An employee must immediately surrender the credit card upon termination or in the event it is determined there has been misuse or abuse of the credit card.

- j. A system of internal controls to monitor the use of credit cards is set forth in [Administrative Policy #07-001-0006, Administrative Procedures Related to Board Fiscal Responsibilities](#).
- k. The balance under the credit card arrangement shall be paid within the appropriate time allowed to not incur finance and interest charges. SCCCMH shall comply with this provision of the credit card policy.
- l. All individuals issued cards shall sign [form #0248 Credit Card – Cardholder Agreement](#) stating they will abide by the terms and conditions as set forth by this Board Policy and by Administrative Policy Administrative Policy #07-001-0006, Administrative Procedures Related to Board Fiscal Responsibilities.
- m. The total combined authorized credit limit of all credit cards issued shall not exceed 0.5% of the total budget of SCCCMH for the current fiscal year. SCCCMH 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.

**H. 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 \$10,000 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 \$10,000 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. SCCCMH staff must notify and seek approval from the SCCCMH Chief Financial Officer (CFO) 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.

I. 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 SCCCMH. Donated funds are used to meet community and agency needs that are not able to be funded by other sources. SCCCMH 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 SCCCMH and have been separated into multiple accounts based on specified use. SCCCMH 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 SCCCMH (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 SCCCMH. The fund is specially designed to provide for basic needs of individuals who receive SCCCMH 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 SCCCMH. Such additional disbursements require special approval by the Foundation and may not be made more than once annually.

### III. Procedures, Definitions, and Other Resources

#### A. Procedures

#### Responsibilities Related to #07-001-0006, Administrative Procedures Related to Board Fiscal Responsibilities

Position	Responsibilities
SCCCMH Board	<ol style="list-style-type: none"> <li>1. Approve the annual budget with funding sources identified as applicable for submission to the PIHP.</li> <li>2. Approve purchase requests exceeding \$150,000.</li> <li>3. Approve all vendor payments presented on a monthly basis. Review the final settlement report as submitted to MDHHS.</li> </ol>
Chief Executive Officer (CEO)	<ol style="list-style-type: none"> <li>1. Review the annual budget prepared by the Chief Financial Officer (CFO) and approves for submission to the SCCCMMH Board for approval.</li> <li>2. Review and approve/deny purchase requests for all purchases greater than \$5,000 but less than \$150,000. Submit an email to the Board of Directors for all approved purchases between \$100,000 and \$150,000.</li> <li>3. Review and recommend approval of purchase requests exceeding \$150,000 to the SCCCMMH Board.</li> <li>4. Ensure requests in the amount of \$50,000 or higher from the Community Foundation Endowment Fund are reviewed and approved by the SCCCMMH Board. Send a letter of Acknowledgement to each donor that makes a charitable donation for tax purposes to SCCCMMH.</li> </ol>
Chief Financial Officer (CFO)	<p>Perform the required CFO level procedures outlined in the <a href="#">Administrative Policy #07-001-0006, Administrative Procedures Related to Board Fiscal Responsibilities</a> for each of the Standards included within this policy.</p>
Finance Staff	<p>Perform the required Finance Staff level procedures outlined in the <a href="#">Administrative Policy #07-001-0006, Administrative Procedures Related to Board Fiscal Responsibilities</a> for each of the standards included within this policy under the direction of the CFO.</p>
Contract Management Staff	<p>Perform the required Contract Management Staff level procedures outlined in the Administrative Policy #07-001-0006, Administrative Procedures Related to Board Fiscal Responsibilities for each of the standards included within this policy under the direction of the CFO.</p>



## B. Related Policies

[Administrative Policy #06-001-0075, Personnel: Work Schedules; Leave time; Overtime; Timecards](#)

[Administrative Policy #06-001-0155, Social Security Numbers Privacy](#)

[Administrative Policy #07-001-0006, Administrative Procedures Related to Board Fiscal Responsibilities](#)

## C. Definitions

1. *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 clearinghouse association and the Federal Reserve System. ACH payments are next day transfers and are not an immediate transfer of funds similar to a wire.
2. *ADP*: Contract payroll service provider.
3. *Capital Budget*: A plan that identifies the major asset items to be purchased and the sources of their funding.
4. *Capital/Fixed Assets*: Major assets that meet the capitalization threshold. (See Standard H.2.) 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.
5. *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.
6. *Donation*: A grant, bequest, cash or gift from a local non-governmental, charitable institutions or individuals.
7. *EFT*: Electronic Funds Transfer.
8. *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 SCCCMH serves or to avoid financial consequences detrimental to SCCCMH.
9. *Fiscal Year*: A fiscal year is a twelve-month period that does not align with a calendar year. The fiscal year for SCCCMH is October 1 through September 30 each year.
10. *GAAP*: Generally Accepted Accounting Principles
11. *GASB*: Governmental Accounting Standards Board
12. *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.
13. *MDHHS*: Michigan Department of Health and Human Services.
  14. *MiDeal*: A State of Michigan operated program which allows local governments to use state contracts to buy goods and services at competitive pricing.
  15. *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.
  16. *Per Diem*: Per Diem payments are authorized for attendance at SCCCMH Board approved committees/advisory Council meetings, as assigned by the program director/designee.
  17. *PIHP*: Prepaid Inpatient Health Plan.
  18. *Purchase Order*: A manually pre-numbered form issued by Administration to a vendor signed by the Chief Financial Officer (CFO)/Designee.
  19. *SCCCMH Business*: Includes meals, lodging and parking related to approved conferences, food and beverages and approved purchases for Agency activities.
  20. *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.
  21. *Wire Transfer*: Immediate transfer of funds.

**D. Forms**

[#0248 Cardholder Agreement](#)

[#0249 Receipt Exception](#)

**E. Other Resources** (i.e., training, secondary contact information, exhibits, etc.)

[Exhibit A: Chart of Accounts](#)

[Exhibit B: Per Diem Information Form or Waiver of Per Diem](#)

## F. References

1. PIHP Contract
2. MDHHS Contract
3. 2 CFR part 200
4. Public Act 266 of 1995
5. Community Foundation of St. Clair County Designated Fund Agreement

## IV. History

- Initial Approval Date: 06/2021
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