

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

FINANCIAL CONTROL POLICY

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A. General Accounting.....	2
B. Budgets.....	2
C. Financial Records and Reports.....	3
Reporting on Underutilization.....	3
Inventory of Capital Assets.....	4
D. Safeguarding Financial Accounts.....	4
E. Funds Received and Receipts.....	4
F. Interest-Bearing Account Policy.....	5
G. Administrative Account Transfers.....	5
H. Accounts Payable.....	6
I. Fund Disbursements.....	6
Fund Disbursements to Beneficiaries.....	7
J. Payroll.....	7
K. Purchasing.....	8
L. Credit and Debit Cards.....	8
M. Vendor and Contractor Agreements and Leases.....	8
N. Supplemental Funding.....	9
O. Emergency Funding.....	10
P. Financial Policy Revision and Approval History.....	12

## A. General Accounting

JCCMHFB will contract with an outside accounting and payroll company to process all administrative and partner agency invoices and other accounting responsibilities. To ensure separation of duties, an outside accounting contractor will be selected and paid to process all monthly expenses and to prepare a monthly financial report. The contracted accountant will perform the following duties:

1. Process bi-monthly payroll of JCCMHFB employees (typically, 14-day interval)
2. Conduct monthly bank reconciliation.
3. Complete all tax forms and returns.
4. Prepare all employee W-2s and administrative contract organizations' 1099s.
5. Assist with the JCCMHFB's annual audit and make any adjustments recommended by the auditor and approved by the Executive Director and the Board.

## B. Budgets

Jefferson County Mental Health Fund Board's (JCCMHFB) budget is prepared by the Administrative Staff and Finance Committee and annually approved by the Board of Directors. 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 and the Finance Committee, beginning no later than October.
5. Procedures
  - a. Budgets are approved by the Finance Committee prior to submission to the Board of Directors for formal adoption.
  - b. The Executive Director will submit a JCCMHFB annual budget to the Board of Directors for their approval in December. The Board may, whenever it deems necessary, also approve a Capital budget.
  - c. The Executive Director (and designated staff with Executive Director approval) has the authority to make budgeted purchases without board approval, if the expense is less than \$1,500 and does not exceed the total budgeted line item. Purchases exceeding \$1,500 are to be reviewed by the Board Treasurer or Board Chair.
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 \$1,000 will be recommended by the Executive Director to the Board for approval, with consideration of a formal revision of the approved annual budget.
    - i. In the event of emergency funding, the Executive Director may speak with the Executive Committee and temporarily approve funding until approval at the next board meeting.

- c. Within any administrative budgeted expense category, expenditure changes that do not exceed the total budgeted amount are within the discretion of the Executive Director.

### **C. 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 accountant will compile monthly financial statements. The Executive Director will compare the monthly financial report with the issued reimbursement for accuracy.
  - a. In the event of a discrepancy, the accountant will be contacted.
3. The Executive Director will review each invoice/reimbursement submission evaluating for:
  - a. Accuracy
  - b. Anomalies
  - c. Availability of remaining funds pertaining to any grant stipulation.
  - d. A monthly administrative invoice and receipt list will be initialed to demonstrate the Executive Director has reviewed the invoice for accuracy.
4. Invoices, receipts and reimbursements shall be stored electronically and if possible, physically.
5. The Executive Director will supervise the reconciliation of the bank statement with bookkeeping records monthly. The Treasurer and accountant will review a copy of the bank statement.
6. The Executive Director will supervise the monthly presentation to the Treasurer and Finance Committee for review, to include the balance sheet, income statement, monthly journal entries and budget-to-actual comparison.
7. Following review, revision and/or approval by the Finance Committee, the monthly financial report shall be presented to the Executive Committee.
8. Following Executive Committee approval, the Treasurer or designee shall present the monthly financial report to the JCCMHF Board, for final approval.
9. The Board of Directors will supervise a review of the budget-to-actual presentation and financial report prepared by the Executive Director and Finance Committee at every meeting. Any budget variances above 10% and exceeding \$500 will be explained in writing. Any expenditure that exceeds the total budgeted amount for the year will be explained and justified.
10. An audit or other external review will be conducted annually by an independent CPA. The Board of Directors will annually review and approve the auditor's report and Form 990.
11. Treasurer will periodically review a random sampling of agency submissions.
12. In the absence of the Executive Director, the designated staff and/or Finance Committee/Board Chair will perform the financial review duties.

### **Reporting on Underutilization**

13. For agencies with two-year contracts, upon the approval of the JCCMHFB's financial report for December 31st, which occurs in January, any program that has a line item with 50% or more of their funds remaining must submit a report explaining the rationale for underutilization and their plan to increase utilization.
  - a. The Executive Director monitors utilization throughout the year and will provide bi-yearly reports.

## Inventory of Capital Assets

14. The JCCMHFB will maintain an inventory of all capital items and update it annually. Capitalized assets must have an estimated value of \$1,000 or greater and an estimated life of three (3) years or longer.

## D. Safeguarding Financial Accounts

1. A proper filing system will be maintained for all financial records (this includes scanning, 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 a 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/Treasurer 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.

## E. Funds Received and Receipts

1. Mail is to be opened promptly by the Executive Director or their designated staff.
2. All funds from the County are electronically transferred, directly from County accounts to JCCMHFB accounts. Typically, the County Treasurer will send a monthly email (approximately on the 15<sup>th</sup> of the month) with tax amounts.
  - a. The Executive Director or their designee will create an invoice and email the invoice to the County Treasurer.
  - b. Approximately on the 20<sup>th</sup> of the month, the County Treasurer will email the Executive Director an ACH confirmation page. The confirmation page is to be filed electronically and reviewed by the Board Chair.
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 their 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 any database. Cash is defined as paper money, coins, bank checks, money orders, and gift cards accumulated by donations from event supporters.
4. The Executive Director will make a copy of each cash receipt, and deliver all cash received and copies to the Treasurer and accountant. 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 their designated staff, shall code all cash receipts according to the chart of accounts.
  11. The Executive Director, or their designated staff, prepares the cash receipts journal on a timely basis, using the cash receipts summary sheet.
  12. The Executive Director, or their designee, posts the cash receipts journal to the general ledger on a regular basis, and at least monthly.

#### F. Interest-Bearing Account Policy

1. It is the policy of the JCCMHFB to invest available funds in the Children's Service Fund and Mental Health Fund for the purpose of earning additional funds for adult and children's mental health and substance abuse treatment services. Monthly personal property and sales tax revenues collected by the Missouri Department of Revenue are disbursed to Jefferson County Government to be held for distribution by the JCCMHFB.
2. **Investment Report.** If available, JCCMHFB will review a monthly report of investment and interest income earned during each month.
3. **Fees.** If applicable, JCCMHFB will pay investment fees from the general administration account unless the interest earned exceeds the fee cost.
4. **Audits.** JCCMHFB will cooperate with the auditors to provide needed information for the JCCMHFB annual audit.
5. **Financial Report.** The Executive Director or designee will send the financial information to the accountant, who will record the information and include it in the monthly financial reports to the Board.

#### G. Administrative Account Transfers

1. Once per month and after County taxes have cleared the bank, the Executive Director shall initial the following bank transfers.
  - a. 5% from Children's Service Fund to General Administration Fund
  - b. 5% from Children's Service Fund to Contingency Account/Interest-Bearing Account.
  - c. 5% from Mental Health Fund to General Administration Fund.
  - d. 5% from Mental health Fund to Contingency Account/Interest-Bearing Account.
2. In the event, any one account cannot cover expenses, the Executive Director shall inform the Treasurer.
  - a. The Executive Director can pause transfers until there are sufficient funds.
  - b. The Finance Committee shall then decide if any funds are replenishable at a later date or if funds shall be forfeited and recommend such to the board.
3. If the account is an interest bearing account, the interest can be in lieu of the 5% transfer as long

as the interest earned covers transfer fees and the 5% transfer.

#### **H. Accounts Payable**

1. All invoices received are stamped with the date received by the Executive Director or their designee and placed in the unpaid open invoice file.
2. The Executive Director, (or in their absence, Treasurer or Board Chair) approves all invoices and expenditures and prepares check and/or ACH requests monthly.
3. The Executive Director, or their designee, immediately records all disbursements in the accounts payable ledger.
4. The Executive Director, or their 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 and or designee 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 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 their designee, will file a copy of the check, with supporting documentation attached, by vendor.
8. The Executive Director, and/or their designee, prepares the cash disbursements journal on a timely basis, using the check file.
9. All receipts are recorded into the accounts payable ledger; both electronic and physical receipts are stored physically and electronically.
10. The Executive Director, and/or their designee, posts the cash disbursements journal to the general ledger on a timely basis, using the cash disbursements journal.
11. The Executive Director, and/or their designee, reconciles the accounts payable ledger to the general ledger monthly.
12. If possible, payments will be made electronically.

#### **I. 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 prenumbered 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 to be initiated and completed via computer or telephone. The Executive Director may approve a transaction that is to be completed up to their approved limits, \$1,500 or less.

7. When a wire transfer, electronic transfer (if not between one of JCCMHFB's accounts) or stop payment has been requested by the Executive Director, the documentation supporting the transaction is given to the Treasurer and/or Chair before initiating the transaction.

### **Fund Disbursements to Beneficiaries**

8. Allocation payments to beneficiaries (i.e. grant awardees, contracted vendors) 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 or Board Chair, who will issue final approval for payments.
9. The Executive Director approves ACH and checks requests after comparing them to supporting documentation. The supporting documentation is then submitted to the third-party payables vendor for issuing the check.
10. Staff will develop an annual schedule of monthly deadlines for submitting reimbursement invoices to JCCMHFB and will post publicly to agencies.
  - a. **Reimbursement deadlines** are generally on the 15<sup>th</sup> day of the month but can vary should the need arise.
11. **No Billing Submissions.** Agencies must submit their reimbursement invoice every month or submit notice of "no payment" even if they are not billing for services that month or have expended their funds for the year.

### **J. 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 and/or Chair 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 and/or contributions.
7. All payroll taxes are paid when due, by the Executive Director or their designee and approved accounting service.
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 (typically, 14-day intervals).
11. The Executive Director reviews the payroll register for proper processing of amounts.

## **K. Purchasing**

1. The Executive Director (and designated staff with Executive Director approval) has the authority to make budgeted purchases, if the expense is less than \$1,500.
2. Use the below guidelines to determine if an oral, written or formal bid is necessary.
  - a. Oral quotes shall be sought for goods and services under \$5,000.
  - b. Written quotes shall be sought for goods and services between \$5,000 to \$15,000.
  - c. Formal bids shall be sought for goods and services exceeding \$15,000. Formal bids require public posting in multiple media or online platforms.
3. Some form of cost or price analysis shall be made in connection with every procurement action of more than \$1,500 per transaction.
4. When able, purchases shall be made locally.
5. 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.

## **L. Credit and Debit Cards**

1. In every instance of credit and debit card usage, the individual using the card will be held personally responsible if the charge is deemed personal or unauthorized.
2. The JCCMHFB credit card(s) shall remain in the possession of the Executive Director and/or designated staff.
3. The JCCMHFB debit card(s) shall remain in the possession of the Executive Director, Treasurer, and Board Chair.
4. All debit card purchases in any amount must be reconciled and attached to supporting documentation on a monthly basis.
5. The Treasurer and/or Board Chair will review all credit and debit card purchases monthly and must approve all payments when the corporate card is used by the Executive Director or other Board members. The Executive Director will review all credit card purchases made by the any other staff.
6. The designated staff will enter all debit and credit card transactions into the accounting software monthly.
7. The Treasurer and/or Board Chair must be notified immediately if a card is lost or stolen.
8. The company credit card and debit card can only be used for credit transactions. Cash withdrawals are not allowable.
9. Total monthly purchases may not exceed the limit for the card.
10. The Executive Director and designated staff have a monthly spending limit of \$5,000 on each card on approved budget items. If monthly expenses exceeds \$5,000 the Board Treasurer or Chair shall be notified.

## **M. 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.



## N. Supplemental Funding

The JCCMHFB may establish a Supplemental Fund to allocate funds for additional services, should finances allow. If supplemental funding is made available, currently contracted agencies may submit a Request for Proposal (RFP) to fund additional services during the remaining portion of the contract period. To be eligible for supplemental funding, agencies must demonstrate they are experiencing an increase in demand for services, beyond what was anticipated when the agency was awarded funding for the year; or that service delivery for Jefferson County resident(s) is at risk due to staff or facility needs.

1. **Definitions.** Supplemental funds are dedicated for:
  - a. **Services.** Funds used to provide additional services for clients.
  - b. **Capital.** Funds are used for needs associated with the delivery of JCCMHFB-funded programs or services.
  
2. **Annual Analysis.** Annually the Finance Committee and the Executive Director will evaluate the status of the JCCMHFB Reserve Funds and analyze the personal property and sales tax revenues year-to-date and projected revenues for the remaining months of the year, to determine if supplemental funding can be made available to currently contracted agencies.
  - a. **Notification.** If approved by the Board, fund availability will be publicly announced at a Board meeting and the JCCMHFB staff will notify all currently contracted agencies.
  
3. **RFP Forms.** RFPs for Supplemental Funding will be submitted using the JCCMHFB's Application for Funding and uploaded to the JCCMHFB's internal database/website(s).
  - a. **Availability.** The application will be made available on the JCCMHFB internal and external websites following the announcement of availability.
  - b. **Deadline.** Applications for Funding for Supplemental Funding must be submitted to the JCCMHFB's database/website(s) by 5:00 p.m. on the date selected by the Board.
  - c. **Summary.** The JCCMHFB staff will create an Application Summary for each proposal, based on information submitted in the application. The summary will include a comparison of the request and projected utilization rates for the contracted year.
  - d. **Review.** All Application Summaries will be made available to the Board. The staff and Executive Committee will review all applications and summaries before making recommendations to the full Board for allocation.
  
4. **Services.** RFPs for Supplemental Funding for services should justify a higher service demand due to an increased number of clients or because target population needs are so intense, additional services are required to achieve adequate clinical outcomes.
  
12. **Capital.** RFPs for Supplemental Funding for capital should be categorized as equipment or

furnishings; technology improvements; or new construction, renovation, or repair of an existing facility being used to provide JCCMHFB-contracted services to clients.

- a. **Bids.** RFPs for Supplemental Funding for any capital item that exceeds \$10,000 must have at least three (3) bids included with their application.

13. **Decisions.** The full Board will have the opportunity to discuss the Finance Committee recommendations and make decisions by motion for funding.

- a. **Board Rights.** The Board has the right to fully fund, partially fund, or deny the Request for Funding Proposal.

14. **Contract Amendments.** JCCMHFB staff will notify all applicants of funding decisions and prepare contract amendments for signature.

15. **Reimbursement.** Agencies awarded services or capital funding may request reimbursement anytime during the remainder of the contract year. Current deadlines for reimbursement will apply to supplemental funds. Reimbursement payments will remain once monthly.

16. **Future Funding.** Any award of supplemental funding is not a guarantee of expanded funding in the next funding year.

## **O. Emergency Funding**

The JCCMHFB may consider providing emergency funding in response to a community need or to a specific request from a contracted partner agency. The emergency event may be internal or external, such as an act of God or local tragedy, but cannot be the result of poor planning or unanticipated high demand. Emergency funding must be tied to providing services in accordance with the JCCMHFB contract.

1. The JCCMHFB's Determination.

- a. **Emergency Funding Availability.** In light of a crisis that impacts mental health services or an event that imparts a portion of or the whole community, the Board may call for a special meeting to discuss the situation and determine if there are any actions the JCCMHFB needs to take.

- i. **Compliance.** All funding procedures will be time sensitive and must comply with the Missouri Sunshine Laws.

- b. **Finance Review.** The Board will instruct the Executive Director to review our Fund balance and analyze personal property and sales tax revenues and expenses to determine if funding could be made available and the amount available.

- c. **Legal Compliance.** The Executive Director will consult with Jefferson County Government (County) and the County Attorney to determine which funding solutions are compliant with the State Statute and the County Ordinance.

- d. **Funding Options.** The Executive Director will provide all funding options and recommendations to the Board at a closed meeting. The Board will review the information and determine any actions to take.
  - i. **Criteria and Budget.** If funding will be provided, criteria and a budget will be set. The Board may extend the current contract period to expend funds or allow line-item transfers to ensure utilization.
  - e. **Request for Funding Proposal.** The application process will follow the JCCMHFB's Request for Funding Proposal procedures.
    - i. **Application.** If necessary, the JCCMHFB staff will review and revise the Emergency Application for Funding in accordance with the set parameters.
    - ii. **Response.** The Board will respond to all applications no later than four weeks following the established application deadline.
  - i. **Funding Recommendations.** The Executive Committee will meet to review all applications and will develop a set of recommendations for funding, to present to the full Board at the next Board meeting.
  - f. **Funding Decisions.** At the next Board meeting, the full Board will make funding decisions by motion and a vote.
  - g. **Board Rights.** The Board has the right to fully fund, partially fund, or deny the Request for Funding Proposal.
  - h. **Budget Adjustments.** The Executive Director will work with the accountant to make any necessary budget adjustments.
2. Agency Partner Request for Funding Proposal.
- a. **Availability.** Currently contracted agency partners may request emergency funding at any time.
  - b. **Crisis-Based.** Emergency requests must be tied to an internal or external crisis, not as the result of poor planning or unanticipated increased demands for services.
  - c. **Request for Funding.** Agencies should alert the Executive Director of their intent to apply and follow the JCCMHFB's Request for Funding Proposal procedures.
  - d. **Board Notification.** The Executive Director will notify the Board of requests and ensure they have access to the applications and summaries.

- e. **Response to Application.** The JCCMHFB will respond to applications within four weeks of the request for funding proposal submission.
- f. **Contract Amendments.** The JCCMHFB staff will notify all applicants about funding decisions and prepare contract amendments for signature.
- g. **Reimbursement.** Agencies awarded emergency funding may request reimbursement at any time during the remainder of the contract year. Current deadlines for reimbursement will apply to emergency funds. Payments will remain once monthly.
- h. **Future Funding.** Any award of emergency funding is not a guarantee of expanded funding in the next funding year.

**P. Financial Policy Revision and Approval History**

Revision 2: Approved: 8-26-2024 / [Signature]  
Date Board Chair Signature

Revision 1: March 15, 2023

Original: 2022