

FINANCIAL MANAGEMENT OF THE CENTER

I. Policy

The responsibility for financial management of and the protection of the assets of the Center rests on the Board of Managers.

II. Purpose

The Board of Managers recognizes the importance of establishing fiscal controls. Additionally, the Board of Manager's acknowledges the desirability and value of gathering and publishing consistent and comprehensive financial information for internal and external purposes.

III. Procedure

A. The external certified public accounting firm shall submit quarterly to the Board of Managers consolidated financial report. Once the Board of Managers has reviewed the financial report and copy will be sent to each investing member of the Center. The annual report will be presented to the Board of Managers.

B. The external certified public accounting firm shall submit to the Board of Managers periodic financial management reports that shall include bank reconciliation statements, revenue and expenditure data for the year to date as compared with budgeted data, an assessment of the expected revenues and expenditures for the year, and an analysis of deviations.

C. The accounting firm in collaboration with the Administrator shall establish and promulgate financial procedures. The procedures shall provide for accounting standards for the Center, timely submission of financial data as is necessary to meet internal and external requirements. The Center's external certified public accounting firm shall be consulted as necessary to ensure that the procedures are consistent with industry accounting standards.

D. The Board of Managers is authorized to approve changes in the names of persons authorized to sign checks or other notices of withdrawal from checking or savings accounts carried in the name of the Center.

E. Each employee has the responsibility of safeguarding company assets. Assets include all property of the Center. Examples of assets are buildings, equipment, inventory, accounts receivable, and cash (including checks).

1. Segregation of Duties

One of the prime means of control is the separation of those responsibilities of duties which if combined would enable one person to record and process a complete transaction. If duties are segregated, this reduces significantly the scope for errors and oversights, as well as deliberate manipulation or abuse, and builds in additional checks. The principle of segregation is important with regard to both income and expenditure, and capital transactions.

Extreme care must be exercised in safeguarding cash and items easily convertible to cash, such as accounts receivable.

- Incoming mail should be opened at the earliest opportunity and in the presence of two responsible people.
- All incoming checks and cash need to be recorded immediately and entries verified by someone other than the person who has made the entry. A receipt is to be issued to the patient who pays in person. The patient's financial record is updated in Vision by the Biller to reflect the payment.
- The check/cash is then presented in the Administrative Assistant who then records the payment into QuickBooks and makes the deposit into the banking account. Deposits should be made daily and when not possible, all checks/cash should be kept in a lockbox for security in the Administrator's office.
- Daily reconciliation between the receipts book, Vision and QuickBooks must be undertaken. Any discrepancy should be fully explored and resolved. Monthly bank reconciliations take place. The monthly reconciliation is conducted by the Administrative Assistant and reviewed by the accounting firm.
- Rotation of mail-opening staff ought to be considered where practical.
- The security of unopened mail needs to be ensured.

2. Controls Over Expenditure

When making payments, the following rules are followed

- All expenditures must be properly authorized and it is essential that there is supporting documentation (purchase order, shipping receipt and/or invoice) for all items of expenditure.
- Instruments of payment such as checks and credit cards need to be kept in a lock drawer in the Administrator's office, with access limited to authorized persons.
- The generation of checks for payments will be done by the Administrative Assistant. The checks will be reviewed and approved by the Administrator and then presented to the Medical Director or other authorized signatory for signature.
- Keep signed cancelled checks that are returned from the bank in a secure and preferably locked location.
- All checks for more than \$5,000 require two signatures.
- Never use the center's credit cards for personal items even if the individual pays their share of the balance as soon as the statement comes due.
- Keep the document outlining banking authorizations in the financial binder and make it available for review at all times to verify authority in transactions.