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| CHELAN-DOUGLAS RSN/PIHP POLICY AND PROCEDURE MANUAL | | Chapter: | 1.3.2 |
| Title: | INTRODUCTION AND ADMINISTRATIVE POLICIES | Page: | 1 of 4 |
| | | Date Effective: | July 1, 2002 |
| Subject: | Douglas County CDRSN Department Specific Financial Policies | Date Revised: | August 24, 2009 January 12, 2012 |
| | | Authorizing Signature: | |

AUTHORITY: Division of Behavioral Health and Recovery (DBHR)- Chelan-Douglas Regional Support Network/Prepaid Inpatient Health Plan Contracts, Related Work Orders, and Working Agreements

SCOPE: This policy applies to Chelan-Douglas Regional Support Network/ Prepaid Inpatient Health Plan (CDRSN/PIHP) and its contractors (agencies/providers), and subcontractors (referred to as contractors or agencies or providers throughout this policy).

PURPOSE: This policy describes Douglas County department specific policy regarding Petty Cash Funds, Risk Reserves, Cost Allocation Plans and the Purchases and Use of Gift Cards

DEFINITIONS: n/a

POLICY: A. Petty Cash Fund.

1. Authorization. The Chelan-Douglas RSN Petty Cash Fund is authorized by the Board of Douglas County Commissioners' Resolution dated April 4, 1995, for a total amount of two hundred fifty (\$250.00) dollars.

2. Custodian. The Chelan-Douglas RSN Finance/Contract Manager, shall be the custodian of the Chelan-Douglas RSN Petty Cash Fund and shall render a receipt for the imprest amount of the fund to the Douglas County Treasurer from whom it is received. The Administrator, Chelan-Douglas RSN, shall, each month, monitor the cash receipts, expenditures, and provide an independent review of the performance of such fund. The independent review shall assure that the petty cash is counted and reconciled each month.

3. Security. The custodian shall assure the petty cash is kept in a safe place.

4. Establishment. The imprest amount of two hundred fifty (\$250.00) dollars shall be established by Douglas County double-entry systems and warrant.

5. Uses. Working funds for postage, miscellaneous, office supplies. The fund may not be used for personal cash advances even if secured by check or other I.O.U.'s.

6. Accounting. The Chelan-Douglas RSN shall include the authorized amount of two hundred fifty (\$250.00) dollars in the Chelan-Douglas RSN's balance sheet.

7. Replenishment. The petty cash will be replenished on a monthly basis by warrant payable to the CDRSN. The replenishment is subject to the same review and approval as processed invoices. The replenishment must be by voucher with the appropriate receipts attached. The receipts will show the date, recipient, purpose and amount of each cash disbursement. These receipts must be signed by the person receiving the money, stamps, etc. The petty cash will be replenished at the end of the calendar year so that expenses will be reflected in the proper accounting period.

B. Risk Reserve.

1. Purpose. A risk reserve fund is necessary to support the inpatient management program in the event that inpatient-related expenditures exceed inpatient revenue, up to 20% of the monthly revenue amount. Expenditures in excess of 120% shall be covered by revenue payments.

2. Authority. Resolution 97-117 establishes a risk reserve fund within the Chelan-Douglas RSN fund (Fund 129), to be considered a reserve fund balance.

3. Custody. Risk reserves shall be placed under safe-keeping and authority of the Douglas County Treasurer by way of formal investments into the Local Government Investment Pool (LGIP). Interest earned through investments shall be deposited into the Chelan-Douglas RSN fund (Fund 129) on a monthly basis.

4. Accessing funds. Risk reserve funds held shall be accessed by Commissioner approved resolution to transfer funds within Fund 129. The risk reserve fund shall be accessed only when it is determined necessary by the Douglas County Commissioners to meet the costs of projected expenditures over 100% of the inpatient revenue or other

unanticipated inpatient costs or when it is determined prudent to adjust the risk fund (up or down) depending on utilization and risk experience.

5. Replenishment. The risk reserve fund shall be replenished by re-insurance payments (for all expenditures over 120% of the inpatient revenue); by the multiple RSN risk pool (for expenditures between 100 - 120% over inpatient revenue) if such a risk pool is established; and through future earned savings from the Integrated *Community Mental Health Program*.

C. CDRSN Policy for Purchase and Use of Gift Cards

The CDRSN and its subcontractors must comply with state laws and county policy in regard to gift cards. The RSN must be able to show that all public funds were expended for an allowable public purpose and in accordance with the terms of agreements with grantor agencies for any expenditure of grant and for any expenditure of public funds.

If the CDRSN and its subcontractors purchase gift cards, they must be used to carry out the purpose of the program. Anyone purchasing gift cards should be able to show how the program benefited by the purchase. If the gift card was purchased as an incentive to program participants there must be a written explanation that explains the program benefit.

As guidance in determining whether a gift card purchase is an allowable purchase or an unallowable gift of public funds, review these guidelines:

1. Does the transaction involve the transfer of money or property to a private individual, association, company or corporation? If yes, then there is a gift of public funds.
2. Is the expenditure for one of the recognized exceptions below? If no, then there is a gift of public funds.
 - a. Intergovernmental transfer.
 - b. Necessary support for poor or infirm
 - c. Promotional hosting (for ports and agricultural commodity commissions)
 - d. Residential energy conservation
 - e. Nonrecourse revenue bonds
 - f. Investment of pension/industrial insurance trust funds
3. Are the funds being expended to carry out a fundamental purpose of the government? If yes, there is no gift of public funds.

4. Are the funds being expended to carry out a public or proprietary purpose of the government? If yes,
- a. is the transfer without consideration and with a donative intent? If yes, then there is a gift of public funds. If no, then look to b.
 - b. is the consideration legally sufficient? If yes, then there is no gift of public funds. If no, then:
 - c. is there a bargained for act or forbearance which the local government receives in exchange for the expenditure? If no, then there is a gift of public funds.

5. In relation to (4) above, unless the consideration is “grossly inadequate” and there is evidence of donative intent, there is no gift of public funds. The receipt of fair market value for the expenditure is not necessary; however, the public entity must receive some quantifiable economic benefit.

The CDRSN and its subcontractors must have internal controls sufficient to track card inventory from purchase to disbursement to ensure that: all of the cards purchased are actually received, cards are only given to qualified program recipients and unissued cards are properly secured against the risk of theft or loss.

The CDRSN in its annual financial monitoring of subcontractors will review agency policy for gift card purchase and internal control of gift cards.

SEE ALSO: Glossary of Terms and Acronyms