

GAAP Accounting and Financial Management Policy



| Policy Description | | DEPARTMENT | POLICY NUMBER: |
|---|---|----------------------|---|
| GAAP ACCOUNTING and Financial Management POLICY & PROTOCOLS | | Financial Operations | FN-03 |
| ORIGINAL DATE: 2/1/2021 | RESPONSIBLE PARTY: Financial Manager | | REVISED DATE: 4/27/23 |
| APPROVAL DATE: 4/27/23 | DATE REVIEWED: 11/9/23 | | APPROVED BY: WRHD BOARD OF DIRECTORS |
| RESOLUTION NO: 2023-03 | | | Board Chair: Sue Knapp |
| 1605 George Jackson Road, Maupin OR 97037 541-395-2911 Fax 541-395-2912 | | | |

In accordance with GAAP Accounting Procedures, White River Health District dba Deschutes Rim Health Clinic will abide by the following Policy and Protocols to assure appropriate segregation of duties in handling of all Accounts Payable and Accounts Receivable. In addition, appropriate procedures for management and oversight of all District financials will be followed to ensure standards of fiscal accountability are met and risks are controlled or minimized.

Purchases & Expenses:

All purchases exceeding \$1000.00 (other than medical or dental supplies needed for daily operations) require prior Board Chair approval before purchase. Purchasing shall follow the Accounts Payable guidelines.

Contracted NEC (non-employee compensation) contractors will have a Board Chair-approved contract or letter of engagement prior to authorizing expenditures for payment. Purchasing shall follow the Accounts Payable guidelines.

Reimbursement of Personal Expenditures:

Expenses paid by an individual for various clinic needs, mileage, approved training, and meals shall be itemized on the District's Reimbursement Form as appended to this policy and submitted to the Board for approval of reimbursement. Costs anticipated to exceed \$1,000 shall receive prior Board or Supervisor approval before expenditures are made.

Use of the Clinic Debit Card:

District debit card issuance and use is restricted to the Clinic Manager. A photo of the card, date of issuance, to whom it was issued (with initials and signature), and date returned should be documented. A returned debit card should be given to the Board Chair for safekeeping prior to being re-issued to a new Clinic Manager (or other designated employee approved by the Board). The debit card should be used minimally and only when necessary when other payment options are not available.

Processing of Approved Accounts Payable and Expenditures:

Invoices will be date stamped upon receiving them at the clinic by the Office Manager.

If the invoice meets criteria for pre-approval, Clinic Manager will match up the approved purchase requisition to the invoice and forward it to the Finance Specialist/Manager for entry into Quickbooks for payment.

Accounts payable checks will be printed on the 10th and 25th of each month by the Office Manager and given to the Clinic Manager for checks to be signed and dispersed.

Any expenditure set up on autopay must have an invoice monthly and be attached to the entry into the accounting program following all requirements for Purchases and Expenses listed above. (Clinic Manager)

Invoices received are paid by the Clinic Manager through bill pay or check (or ACH if necessary) upon receipt and the electronic receipt and a copy of the invoice are forwarded to the Financial Specialist/ Manager to reconcile.

Monthly reconciliation of all bank accounts, general ledger and budgetary expenses will be done by the Financial Specialist/Manager to ensure appropriate review of all expenses is completed.

Processing of Accounts Receivable & Income:

Monies received at the clinic for services rendered will be processed by the Office Manager for deposit weekly. Deposits are made by the Clinic Manager. The deposit slip/receipt and related paperwork are forwarded to the Finance Specialist/Manager for recording as Sales.

A deposit record will be created in the billing system immediately upon receipt of any monies, credit card, check or cash for services rendered.

Electronic Fund transfers will be pulled from the bank statement weekly and downloaded into the billing system if needed or manually a deposit record will be created matching the date monies were received in the bank.

Daily a reconciliation will be printed from the billing system that must balance with actual credit cards ran (report will be pulled from Clover to assure credit card batch closed), cash and checks received, and Electronic funds are posted that hit the bank account.

Monies for deposit are given daily to Clinic Manager to complete a deposit.

Non-Accounts Receivable monies will be given to Clinic Manager to complete a separate deposit slip.

Once deposit is completed, deposit slip will be given to the Clinic Manager to send with her weekly reconciliation to the Financial specialist/ Manager so that Sales will be input into the Accounting program.

If Non-Accounts receivable items have been deposited, then documentation to support the deposit must also be included in the weekly reconciliation packet given to the Finance Manager. Examples: (non-A/R) are Capitation checks, QIMS (Quality Measure), CPC Monies, and Grants.

All Non-Account receivables will be listed on a separate deposit slip. It does not get entered through the billing system.

Documents that are to be included in the weekly reconciliation are the daily reports from the billing system, the weekly bank statement and any deposits taken to the bank.

Monthly trifecta reconciliation of sales of services in billing system, bank statements and Income statement in accounting system will be done to assure all monies are accounted for. Once reconciliation is completed it will be presented to the Board for approval.

All transactions (both Accounts Receivable and Payable) should be classified in QuickBooks by Financial Specialist

The Clinic Manager should always be the Admin/Owner of QuickBooks. Two other individuals, one of which is the **Financial Specialist/Manager**, should also have authorized access.

Overall the segregation of Duties is:

Author (approves payment): Clinic Manager (or Board Chair for expenses exceeding \$1000)

Execution: (prepares payment): Office Manager for checks. Clinic Manager oversees electronic payments.

Custodian (signs check): Clinic Manager (or Board Chair for expenses exceeding \$1000)

Monitoring: (posting/reconciles bank): Financial Specialist/Manager

Bank Account Access and Transactions

All bank accounts should allow three individuals to have access: The Clinic Manager, Financial Specialist/Manager and Board Chair. For online banking, the Financial Specialist/Manager pulls bank statements to reconcile; the others can view statements and daily transactions and conduct transactions at the bank as needed (e.g., account transfers, wire transfers, special services). The Secure Log-On Page shall contain two means of contact that are associated with the Clinic Manager and the Board Chair (phone number, email).

No one individual shall ever have complete control of on-line access to the account.

Bank Account Authorized Signatories:

Financial accounts for the White River Health District / Deschutes Rim Health Clinic (Checking and Savings) have been established at Rivermark Community Credit Union in The Dalles. The District's accounts shall have three authorized signatories: Clinic Manager, Board Chair and another Board Member. Authorization for these three individuals shall be recorded in Board meeting minutes. Any change in an authorized signatory shall receive Board approval, be recorded in the minutes, and will require such changed designation to be officially filed with the credit union. The credit union will require a copy of the Board Meeting Minutes authorizing the change.

An additional WRHD checking account established for use in receiving Federal Funds through the Consolidated Appropriations Act (March 2022) shall also have three signatories who shall be the same ones as designated for the regular WRHD checking and savings accounts. Funds deposited into this account shall be transferred to the WRHD main account or the Deschutes Rim Clinic Foundation accounts at Rivermark Community Credit Union or at Community Bank within three days for immediate disbursement to cover payment of invoices, or for reimbursement of funds already spent. These funds are for use with the new clinic construction.

Local Government Investment Pool Account:

All County tax funds issued to the WRHD shall be held in a Local Government Investment Pool Account (LGIP) established by the Oregon State Treasury. This account shall have a primary signatory and contact, and a secondary non-signatory contact, established with the State Treasury. This will typically be the Clinic Manager and the Financial Specialist/Manager. The LGIP account is tied to the Rivermark WRHD account. Funds withdrawn from the LGIP account for deposit into the Rivermark WRHD checking account shall only be by the primary contact/signatory. A tracking of these withdrawn funds shall be maintained, and along with the monthly account balance, shared with the Board of Directors on a quarterly basis.

Monthly, Semi-Annual, and Annual Board Reports:

The following reports shall be sent to the Board at least 2 days prior to the Regular Board of Directors meeting for review and approval:

- Profit and Loss for month prior

- Balance Sheet for month prior
- Month's End tabulation of financial details (reconciliation report)

Semi-annually (January), the Board shall receive an account of budgeted vs actuals for each line item in the FY budget to assess the level of expenditures compared with the budgeted amount. At the end of the Fiscal Year (in July of each year), the Board shall receive the annual budget vs actuals analysis.

Periodic Review of Policy and Compliance:

The WRHD Board of Directors and Clinic Staff will review (and update, if necessary) this policy every 6 months (July and January) to ensure that all responsible parties (Board, Clinic Staff and relevant Independent Contractors) understand the policy and are verifying appropriate implementation. This is especially important for new Board members and new staff.

Amendments and Further Information:

While this policy covers basic Clinic financial management procedures, it does not cover all aspects of financial management and accounting. The White River Health District strives to abide by best practices in Financial Management /Accounting as presented in the Accounting Chapter of the Administrative Handbook developed by Special Districts Association of Oregon. The SDAO Administrative Handbook Chapter 1: Accounting, is appended to this Financial Management Policy.

Passed by a majority of the Board of Directors of the White River Health District, with a quorum in attendance the 9th day of November 2023

White River Health District dba Deschutes Rim Health Clinic

Wasco County, Oregon

By Suzanne Knapp
Suzanne Knapp, Board Chair

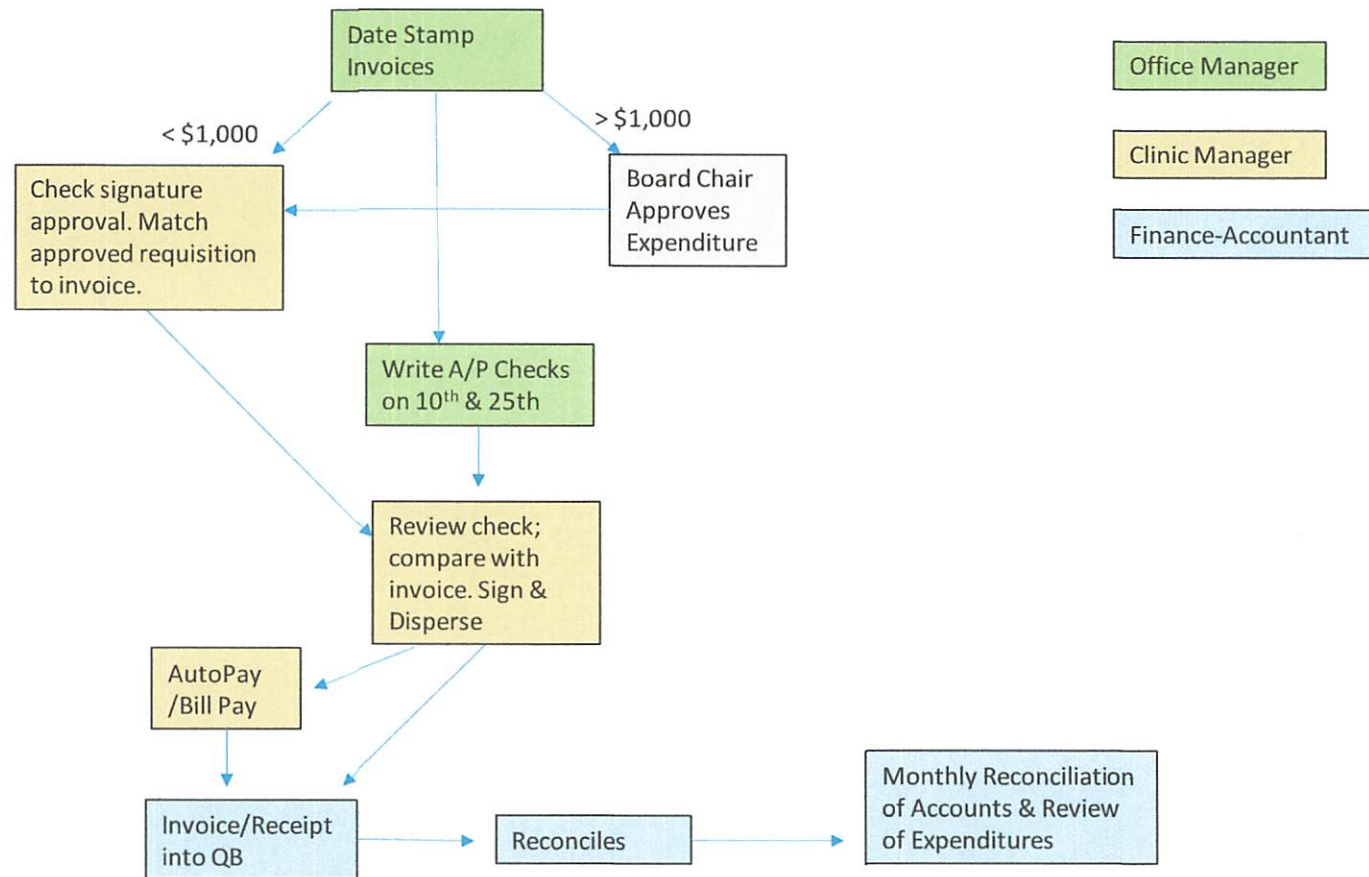
11/9/23
Date

Attest:

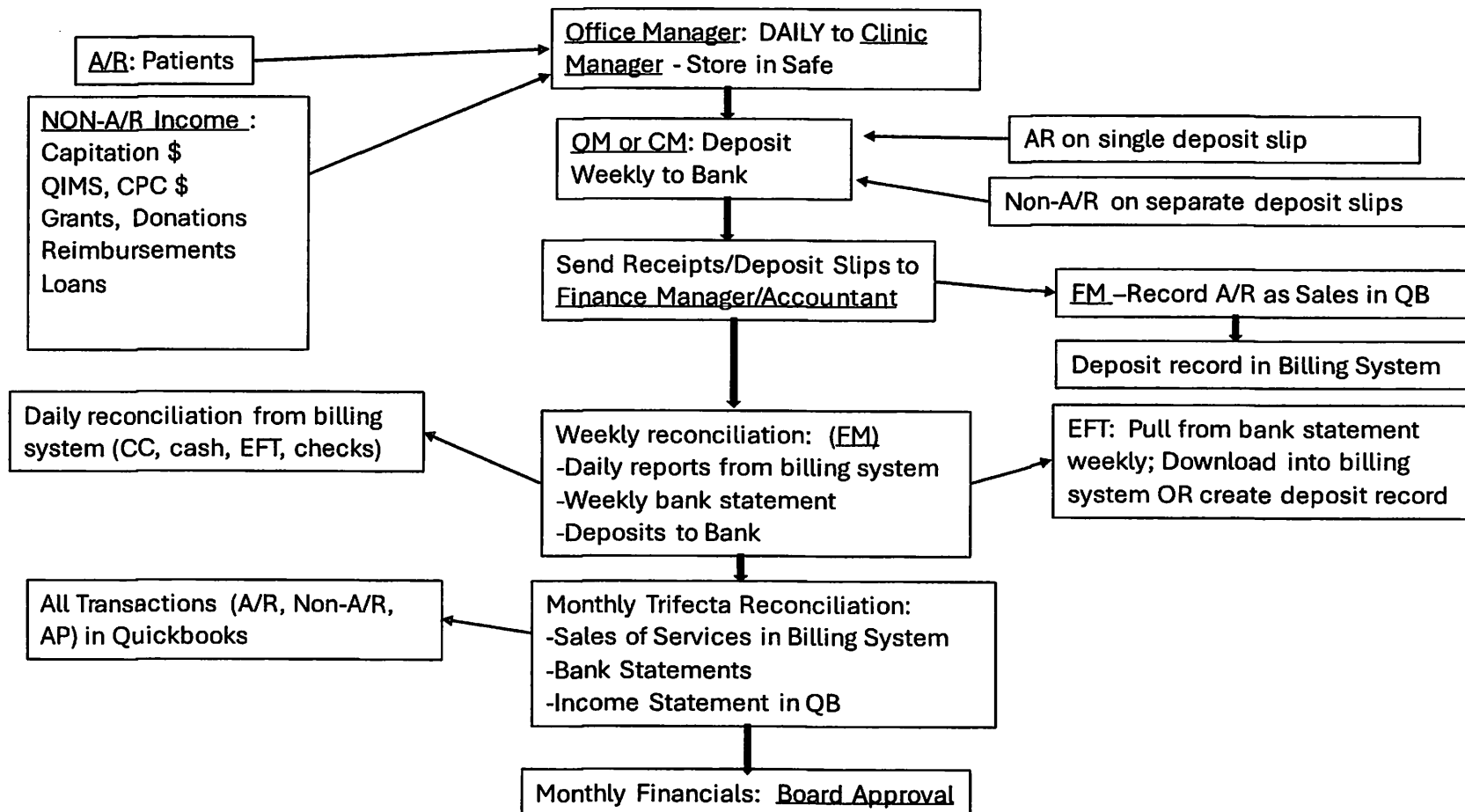
By Allison J Bechtol
Allison Bechtol, Board Secretary

11/9/23
Date

GAAP Accounting & Financial Management Policy Flow Chart – Accounts Payable & Expenditures



GAAP Accounting & Finance Mgt Policy – Accounts Receivable & Non-A/R Income



Reimbursement and Travel Expense Report

Name _____
Department _____

Period

Per Mile Reimbursement

Total Reimbursement Due

Date Submitted _____

Authorized by _____

| Date | Description of Expense | Category | Airfare | Lodging | Ground Transportation (Gas, Rental Car, Taxi) | Meals & Tips | Conferences and Seminars | Miles (Personal Car Only) | Mileage Reimbursement | Misc | | Donated to Fndn | U.S. \$ |
|------|------------------------|----------|---------|---------|---|--------------|--------------------------|---------------------------|-----------------------|------|--|-----------------|---------|
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Total reimbursement: 0.0
0

Approved by and Date

Special Districts Association of Oregon – Administrative Handbook – Accounting Chapter

INTRODUCTION

Financial management is necessary for the control of district financial affairs. A financial management policy should be developed which includes rules for conducting all aspects of financial control and transactions. All phases of the financial management process should have documentation showing when and why money was received and disbursed.

ACCOUNTING SYSTEM

A good accounting system should do the following:

- Assemble information on all finance-related transactions and events.
- Provide the ability to analyze all data collected.
- Classify data in accordance with the chart of accounts
- Record data in the appropriate books of accounts
- Report data to management and to outside parties in an appropriate format and in a timely manner.
- Maintain accountability of assets.
- Retain data according to the State of Oregon's retention schedule for special districts.

The complexity of the accounting system will be determined by the needs of the individual district. A basic accounting system will include at least the following:

- A general ledger
- Subsidiary ledgers as necessary, including revenue, expenditures, and payroll.
- Written documentation supporting, authorizing and explaining individual financial transactions including invoices, bank statements, purchase orders, payroll, and fund transfers.
- Any other data deemed necessary to prepare financial statements.

POLICY AND PROCEDURES MANUAL

An accounting policies and procedures manual should clearly outline the specific authority and responsibility of individual employees, thus providing the essential foundation needed for establishing employee accountability. It also serves as a reference tool for employees seeking guidance on the proper handling of less frequently encountered transactions and situations. In addition, an accounting policies and procedures manual lessens the threat to continuity posed by employee turnover.

It is also important that an accounting policy and procedures manual do more than simply describe the appropriate handling of transactions and events. The accounting policies and procedures manual should also clearly communicate the design and objective of the district's internal control structure. Employees are more likely to perform control procedures faithfully if they are aware of their purpose and importance.

FUND ACCOUNTING

Public accounting and budgeting is based on funds. Revenues and expenses must be kept separate by each type of fund. The main types of funds include the General Fund, Special Revenue Fund, Debt Service Fund, Enterprise Fund, Trust Fund, and Reserve Funds.

- General Fund – Composed of accounts for the financial operations of the district, which are not accounted for in any other fund. The principal sources of revenue are property taxes and interest income. Primary expenditures in the General Fund are made for general district services and administration.
- Special Revenue Fund – Authorized for a specific purpose and generally operate on a year-to-year basis until the fund is discontinued or revised by proper legislative authority. In the event the fund is discontinued, any excess funds should be returned to the originating jurisdiction of the General Fund.
- Debt Service Fund – Used to account for the payment of principal and interest on all general obligation long-term debt, including that payable exclusively from revenue-producing enterprises. Resources cannot be diverted or used for any other purpose.
- Capital Projects Fund – Operate until the capital project is completed. Upon completion, any remaining cash is transferred to the Debt Service Fund, the originating source of the funds, of the General Fund.
- Internal Service Fund – Finances and accounts for services furnished by a department or agency to other departments or agencies within the district. Amounts expended from the fund are restored from either operating earnings or as operating expenditures from other funds to the IRS.
- Enterprise Fund – Established to finance and account for acquiring, operating, and maintaining facilities and services which are self-supporting from user charges and fees.
- Trust and Agency Fund – Assets are sometimes held or revenue received by districts in a fiduciary capacity to be used for a certain specific purpose.
- Reserve Fund – Accumulates money for financing the cost of any services, projects, properties, or equipment that the district can legally perform or acquire. Some districts will even have a reserve fund established for debt service in the event revenues are insufficient to meet future payment obligations on long-term obligations.

BANKING SERVICES

Major banking services must meet the following minimum criteria:

- Institution must be listed on the Oregon State Treasurer's list of qualified depositories.
- Be insured by the Federal Deposit Insurance Corporation
- Be able to facilitate transfers to and from the Local Government Investment Pool managed by the Oregon State Treasurer.

CONTROL POLICIES AND PROCEDURES

The primary focus of control policies and procedures is to process transactions correctly. Transaction processing controls, including documentation requirements, should be designed with these objectives in mind:

- Recorded transactions are valid and supported by appropriate documentation; none of which are fictitious.

- All valid transactions are recorded; none are omitted.
- Transactions are properly authorized.
- Transaction dollar amounts are properly calculated and accurately recorded.
- Transactions are properly classified in the accounts.
- Transaction accounting / posting is complete; no required fields for sub ledger entries are omitted.
- Transactions are recorded in the proper accounting period (fiscal year)
- Duties are segregated. As much as practical, no single individual should be able to 1) authorize a transaction, 2) record the transaction in the accounting system, and 3) take custody of the assets resulting from that transaction.
- Access to assets and records is controlled.

Policy Standards

All transactions must be supported by appropriate documentation. In all cases, the documentation must be complete and accurate and must allow a transaction to be traced from the source documentation, through its processing, to the financial reports. All documentation should be readily available for examination.

Records of transactions and significant accounting events may be initiated and stored in a variety of media and physical formats. These records should be retained the minimum length of time and authorized for disposition in accordance with the requirements described in the Oregon Archived Division's records retention schedule for special districts.

Documentary Evidence

Regardless of the format used for storage purposes, all recorded transactions (including adjusting entries and transfers) should be supported by copies of source documents (such as vendor invoices, receiving records, cash receipts, timesheets, loan documents, or bank statements) and other supporting information sufficient to provide clear evidence of the following:

- The authenticity of the transaction
- The purpose or reason for the transaction
- The vendor / customer involved in the transaction.
- That the transaction was properly authorized

Risk Assessment

Risk assessment is the identification, measurement, and management of risks relevant to the achievement of the organization's objectives. Risks include external and internal events or circumstances that may occur and adversely affect operations. Once risks are identified, management should consider their significance, the likelihood of their occurrence, and how to manage them. Management may initiate plans, programs, or actions to address specific risks or it may decide to accept a risk because of cost or other considerations. Risks can arise or change due to circumstances such as the following:

- Changes in operating environment
- New personnel
- New or revamped information systems

- Rapid growth
- New technology
- New activities or lines of service
- Organization restructure
- Accounting pronouncements (adopting new accounting principles or changing them).

BONDING

The governing body of a district must require a bond or an irrevocable letter of credit of any member of the governing body or any officer or employee of the district who is charged with possession and control of district funds and properties. The amount of the bond shall be fixed by the governing body of the district, and the premium shall be paid from the district funds. The letter of credit shall be issued by a commercial bank (ORS 198.220)

All board members or employees can be bonded for a minimal additional charge to the cost (premium) of bonding only one board member. It is practical and beneficial to take the necessary steps to bond all board members and the district manager.

INVESTMENTS

Districts should have an established and documented investment policy. Funds that are not needed for immediate cash flow should be invested in safe investments that offer the maximum yield possible. An investment policy should be adopted by the governing body and reviewed and updated periodically. The Oregon State Treasurer's Investment Policy for Local Governments is available online at the State Treasury website.

Public Funds Collateralization Program

ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected.

AUDITS

Oregon Local governments are subject to Municipal Audit Law, ORS 297.405 to 297.555. Unless otherwise specified in the Oregon Revised Statutes, all districts must be audited.

Audits and reviews must be conducted in accordance with the "Minimum Standards for Reviews of Oregon Municipal Corporations" adopted by the Secretary of State Audit Division. The rules prescribe the financial statements that must be included in audit or review reports, the minimum procedures that must be followed, and the standards that must be followed in an audit or review.

- A district with expenditures of less than \$150,000, and whose chief fiscal officer is bonded for the total amount of money received during the year may file unaudited financial statements with the Secretary of State's Office within 90 days after its fiscal or calendar year ends.
- A district, other than a county or school district, with expenditures of more than \$150,000 but less than \$500,000, and whose chief officer responsible for receiving or disbursing moneys on behalf of the district was covered during the entire year by a fidelity or faithful performance bond in an amount at least equal to 10 percent of the total receipts for the year, but not less than \$10,000 and whose financial statements have been reviewed by a licensed municipal auditor may file "review reports" with the Secretary of State's Office within 180 days after its fiscal or calendar year ends.
- A district, including counties and school districts, that must have its financial statements reviewed or audited, must contract with an accountant licensed as a municipal auditor by the Oregon Board of Accountancy.

Purpose of Audit

The auditor's main purpose is to independently review the financial statements to attest to their fairness. In addition to this, the auditor will also:

- Comment on the compliance of the district's financial affairs with applicable laws and budget requirements.
- Assist the district in revising its accounting system to increase efficiency and ease of function.
- Help the district institute procedures that will increase accuracy of record keeping and strengthen internal controls.

Documents to be Audited

- General ledger and related subsidiary ledgers posted accurately and up to date.
- Books of original entry that provide, in an orderly manner, the summarization of transactions.
- Source documents supporting the transactions in the books of original entry filed in a neat and orderly manner. (Source documents include all revenues as well as expenditures)
- Explanations of apparent differences between general ledger balances and source documents.
- Copies of reports required to be filed with government agencies and an explanation of any differences between amounts reported and the accounting reports.
- Specifically, the above would include such items as minutes of regular meetings, budget committee meetings, insurance forms and policies, copies of adopted resolutions that may not be included in the regular minutes, copies of the ballot title and abstracts of any bond issues, copies of published newspaper notices of budget committee meetings and hearings, a copy of the preceding year's budget, county tax turn over documents, right-of-way documents, and copies of lease contracts on equipment.

The Audit Report

At the conclusion of the audit examination, the auditor will issue an audit report. This report will contain:

- The financial statement of the district with appropriate notes.
- The auditor's opinion on these statements.
- The auditor's comments about the district's financial affairs and its compliance with legal requirements.

- Recommendations on how the district may improve its accounting system or more effectively conduct its financial affairs.

RECORDS RETENTION

Districts are required to follow the State of Oregon's Records Retention Policy, which is located on the State Archive Division's website. Unless otherwise provide in the schedules, the Division recommends that records not specifically be mentioned shall be maintained for a period of not less than two years. Minutes should be maintained forever.

Records typically have a four-stage life cycle:

- The period of creation when data or information is generated.
- The period of active use which can range from a few days to several years. During this period, users frequently reference the record and need quick access to it. Therefore, the record should be maintained in the office area.
- The period of inactivity. During this period the record is in storage or is kept either because of legal reasons or because of infrequent reference needs. Some records have no inactive period while others may remain in this stage for several years, or permanently.
- The final stage in the cycle is destruction, which occurs when the record is no longer required by law to be kept. With confidential or proprietary records, special attention must be taken to ensure destruction is total and that records can in no way be recreated.

RESOURCES

Audits of Public Funds and Financial Records (ORS 297)

https://www.oregonlegislature.gov/bills_laws/ors/ors297.html

Borrowing and Bonds of Local Governments (ORS 287)

https://www.oregonlegislature.gov/bills_laws/ors/ors287.html

Depositories of Public Funds and Securities (ORS 295)

https://www.oregonlegislature.gov/bills_laws/ors/ors295.html

Minimum Standards of Audits (OAR 162-001-000 through 162-020-0330)

<https://secure.sos.state.or.us/oard/displayChapterRules.action>

Oregon Local Budget Law (ORS 294)

https://www.oregonlegislature.gov/bills_laws/ors/ors294.html

Oregon State Treasury: <http://www.oregon.gov/treasury/Pages/index.aspx>

SDAO Reference Library/Accounting: <http://www.sdao.com/S4/MemberHome.aspx>

Secretary of State Archives Division: <http://sos.oregon.gov/archives/Pages/default.aspx>

Secretary of State Audits Division: <http://sos.oregon.gov/audits/Pages/default.aspx>