



Fiscal

Operating Reserve Fund.....60

Audit Procedure.....60

Bid Protocol.....60

Budget.....62

Authorized Signatories.....62

Insurance Requirements.....62

Purchasing Procedures63

Billing Process.....63

Credit Card Usage Policy.....64

Method of Accounting.....65

Contracts.....66

ASSETS:

Board Owned Real Estate..... 67

Fixed Assets Management..... 67

Fixed Asset Disposal..... 68

Operating Reserve Fund

The purpose of this Operating Reserve Policy for the Adair County SB40 Developmental Disability Board is to build and maintain an adequate level of unrestricted net assets to support the organization's day-to-day operations in the event of unforeseen shortfalls. The reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development and investment in infrastructure. Operating reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. The organization intends for the operating reserves to be used and replenished within a reasonable period of time.

This Operating Reserve Fund Policy will be implemented in conjunction with the other financial policies of the organization and is intended to support the goals and strategies contained in those related policies and in strategic and operational plans.

The target minimum Operating Reserve Fund is equal to six (6) months of average recurring operating costs, and the target maximum is equal to twelve (12) months of average recurring operating costs, as calculated based upon the approved annual budget for the organization. If the organization is not in compliance with this policy, management will report it at the next regular meeting of the Directors.

Audit Procedure

The Adair County SB40 Developmental Disability Board of Directors shall select and contract with an independent external accounting firm or individual licensed by the Missouri Board of Accountants to perform an audit at the end of each fiscal year. The contract will be for a three-year engagement of services, subject to yearly evaluations. Engagements beyond three-years shall be as Board approved.

This audit shall provide a complete accounting for all receipts and expenditures. This audit report shall be examined in accordance with Generally Accepted Accounting Principles as promulgated by the American Institute of Certified Accountants.

Upon completion, a copy of the completed audit will be forwarded to the Missouri State Auditor in accordance with RSMo. 105.145.

Bid Protocol

The Adair County SB40 Developmental Disability Board (the 'Agency') shall comply with statutes governing bidding RSMo. 50, which are then in effect.

1. For any purchase of equipment, supplies, or administrative service estimated to cost between \$4,500 and \$25,000 the Executive Director, or designee, shall make reasonable effort to obtain competitive bids from no fewer than three providers, preferably based within Adair County. The Executive Director of the Agency shall be responsible for soliciting all bids under \$4,500.
2. The Agency may waive the requirement of competitive bids or proposals for supplies when the Executive Director has determined in writing and entered into the Board's minutes that there is only a single feasible source for the supplies. Immediately upon discovering that other feasible sources exist, the Executive Director shall rescind the waiver and proceed to procure the supplies through the competitive processes. A single feasible source exists when:
 - a) Supplies are proprietary and only available from the manufacturer or a single distributor; or
 - b) Based on past procurement experience, it is determined that only one distributor services the region in which the supplies are needed; or
 - c) Supplies are available at a discount from a single distributor for a limited period of time.

3. The Agency may waive the requirement of competitive bids or proposals for supplies when the Executive Director has determined that there exists a threat to life, property, public health, or public safety or when immediate expenditure is necessary for repairs to Agency property in order to protect against further loss of, or damage to, Agency property, to prevent or minimize serious disruption in Agency services or to ensure the integrity of Agency records. Emergency procurements shall be made with as much competition as is practicable under the circumstances. After an emergency procurement is made by the Executive Director, the nature of the emergency and the vote of the Board of Directors approving the procurement shall be noted in the minutes of the next regularly scheduled meeting.
4. Projects can move forward with less than 3 bids if approved by the Board of Directors.
5. Any purchase of equipment, supplies, or administrative service in excess of \$25,000 shall be formally bid.
 - a) Formal bidding shall be defined as inviting bids by advertising on the Adair County SB40 Developmental Disability board website and/or by social media release. Said notice shall be published at least ten days preceding the last day set for the receipt of proposals.
 - a. Public notice shall include a general description of the requirements to be met and shall state where bid blanks and specifications may be secured, and the time and place for opening of bids.
 - b) When deemed necessary, bid deposits or surety bonds, or both such deposits and bonds shall be entitled to the return of surety bonds or deposits. A successful bidder shall forfeit any deposit or surety required by the failure on his part to enter into a contract within ten (10) days after the award.
 - c) All formal bids shall be submitted sealed to the Agency unless otherwise specified and shall be identified as "Bids" on the envelope. All bids shall be opened and read aloud by the Director.
6. The Agency shall have the authority to reject all bids or part of any bid when the public interest would be served thereby and require the filing of new bids.
7. The bids should be awarded to the lowest responsible bidder, preferably within the County. In addition to price, the Board shall consider the ability, capacity, or skill of the bidder to perform the contract or to provide the service required, and:
 - a) The ability of the bidder to perform the contract or to provide the service promptly or within the time specified without delay or interference;
 - b) The character, integrity, reputation, judgment, experience, and efficiency of the bidder;
 - c) The quality of performance of previous contracts or services;
 - d) The previous and existing compliance by the bidder with all laws regarding contract services;
 - e) The sufficiency of the financial resources and the ability of the bidder to perform the contract or provide the services;
 - f) The quality, availability, and adaptability of the supplies or contractual services for the particular use required;
 - g) The ability of the bidder, if applicable, to provide for the maintenance and service for the use of the subject of the contract; and
 - h) The fully submitted bid complies with the minimum requirements of bid specifications.
8. When the award is not given to the lowest bidder, a full and complete statement of the reasons for not awarding the contract shall be prepared by the Director with the Board's approval and entered into the minutes of the Board meeting. Such papers are to be filed with other papers relating to the transaction.

9. If, after consideration of all the above criteria, two or more bids are deemed by the Board to be equal, the award shall be determined in accordance with the following procedures:
 - a) If one or more of the tying responsible bidders is a person, firm or corporation residing or having places of business outside the county, it shall be excluded from consideration; if the bid is divisible so that the contract may be apportioned among the tying bidders without increasing the cost to the County, it shall be recommended that the bid be divided equally among the tying bids.
 - b) If the contract is not divisible, it shall be recommended that the bid be awarded by lot. The lot shall be drawn at a public meeting of the Board.
10. If required by the Board, the successful bidder shall furnish, at his own expense, a corporate surety bond, in a sum equal to the full amount of the contract running to insure the faithful performance of the contract.
11. When the nature of the contract or purchase is such that the Board deems a performance bond necessary, it shall be indicated in specifications for bids. The Board can assume that any bid submitted shall be deemed to include an understanding on the bidder's part of furnishing such a bond at no further charge to the Board.

Budget

The Adair County SB40 Developmental Disability Board shall approve a written organization operation budget prior to the beginning of each fiscal year in order to disburse any funds. Budget development shall include reasonable projection of revenues and expenditures and comparisons to historical performances as well as consideration of financial trends, challenges, and opportunities.

Input from The Adair County SB40 Developmental Disability Board of Directors shall be included.

The final revised budget shall be approved prior to the fiscal year end in order to ensure that more funds have not been spent than have been appropriated.

The Adair County SB40 Developmental Disability Board and leadership will regularly monitor its performance against the proposed budget. Monitoring shall include comparison of revenue and expenditures to the annual approved budget, consideration of financial trends, and consideration of emerging financial challenges and opportunities.

Authorized Signatories

It is the intent of the Agency to assure that financial practices offer separation of duties as much as possible in order to minimize risk to the Agency. Therefore, all checks, notes, drafts, and other instruments for the payment of money or disbursement of funds drawn, endorsed or executed in the name of the Adair County SB40 Developmental Disability Board shall be signed by at least two members of the Board. Signatures are the Treasurer, Chairman, Vice Chairman or other appointed signatory from the Board.

The Accounting Manager shall not be authorized as a signor on any bank account, nor be issued any Agency credit cards. The Accounting Manager will have responsibility for maintaining the associated financial records regarding any expenditures. The Executive Director shall reconcile bank statements, balance sheet accounts and review all financial statements no less than monthly.

Insurance Requirements

The Adair County SB40 Developmental Disability Board shall obtain appropriate insurance to protect the organization from acts of theft from staff, acts of omission of the Directors and Officers and/or acts of

negligence/liability by staff/agents. The Agency will also have and maintain all necessary comprehensive property insurance, liability insurance and workers' compensation insurance.

Purchasing Procedures

All purchases exceeding \$100 must have the prior approval of the Executive Director. Final authorization to purchase goods or services for the Agency may only be given by the Executive Director.

No reimbursements shall be made to employees for purchases made without the preauthorization of the Executive Director. Requests for reimbursement for purchases paid for by employees of the Agency must be submitted with the original receipt on the appropriate Agency Expense Reimbursement form. The form must be reviewed and approved by both the Supervisor and the Executive Director prior to reimbursement.

For instructions and policies regarding purchases by employees using an Agency issued credit card, please refer to the Credit Card Usage Policy. The ultimate authority and responsibility for maintaining and providing oversight of the purchasing shall reside with the Executive Director.

Billing Process:

Targeted Case Management services provided by the Agency will be invoiced electronically to MO HealthNet Division based on the Medicaid approved rate in effect for the date of service and in accordance with Federal and State Medicaid rules and regulations.

The Division, with approval and funding from the Center for Medicare and Medicaid Services (CMS), is currently developing an electronic integrated case management system to standardize, centralize, and automate the service planning process for individuals receiving Medicaid Waiver and other services; upon implementation of this system, the Agency will be required to invoice TCM services to MO HealthNet Division using the Division's electronic integrated case management system. Until the Division's electronic integrated case management system has been implemented, the Agency will invoice TCM services to MO HealthNet Division using the Department's information system (CIMOR).

The Agency will receive from MO HealthNet the full reimbursement for TCM services paid by MO HealthNet Division in accordance with their stated business cycles. The Agency shall be responsible for the accuracy of billings submitted to MO HealthNet Division. The Agency shall be liable for any denials or recoupment for failure to comply with applicable Medicaid rules and regulations.

The Agency's Accounting Manager, working in conjunction with TCM management, will be responsible for reviewing all denials or recoupment for payment. The Accounting Manager will resolve and resubmit required information necessary to request the reinstatement of the denied funding. This accounting review process will be completed and re-submitted on a monthly basis.

Credit Card Usage Policy

Designated Cardholders

The Executive Director may designate up to five Cardholders at any given time within the organization, each of whom will have the authority to make purchases according to the specific purposes, guidelines, restrictions and limits applicable to each Designated Cardholder. The Executive Director may also end the designation of any or all Designated Cardholders without prior notice if such action is believed to be warranted.

Each Designated Cardholder will be assigned a spending limit which he/she may not exceed. This limit will be enforced for each Designated Cardholder by the Bank which administers the ADAIR SB40 Credit Card, so that any charges in excess of the limit for each Designated Cardholder will be declined. The Executive Director will prepare a written agreement for each Designated Cardholder which specifies the monthly spending limit for that Designated Cardholder as well as the types of purchases which may be made by each Designated Cardholder. The agreement will also contain a statement that the Designated Cardholder has reviewed the ADAIR SB40 Credit Card policy and agrees to be bound by the requirements specified as long as he/she has possession and authorized use of the ADAIR SB40 Credit Card.

Restrictions on Use by Designated Cardholders

The Designated Cardholder is liable for all access and utilization of the ADAIR SB40 Credit Card. Authorization of usage by anyone other than the Designated Cardholder remains the full responsibility of the Designated Cardholder.

1. Absolutely NO PERSONAL PURCHASES may be made with an ADAIR SB40 Credit Card by any Designated Cardholder. All purchases must be for the use or benefit of the ADAIR SB40 to carry out its business and purposes. Any Designated Cardholder found to have used an ADAIR SB40 Credit Card for personal purchases will be subject to disciplinary action, up to and including termination of employment.
2. No Designated Cardholder may exceed the spending limit specified in his/her Designated Cardholder agreement.
3. No Designated Cardholder may purchase items with an ADAIR SB40 Card which are outside of those categories specified in his/her Designated Cardholder agreement.
4. No Designated Cardholder may purchase alcoholic beverages, firearms, tobacco products, ammunition and/or hazardous materials with the ADAIR SB40 Card.
5. No Designated Cardholder may utilize an ADAIR SB40 Card for a cash advance.

Cardholder Responsibilities

1. Ensure the physical security of the ADAIR SB40 Card assigned to his/her custody, and protect the account number. Immediately notify ADAIR SB40 Executive Director or Accounting Manager when the card has been lost, stolen or misused.
2. Follow strict adherence that the only person to use the ADAIR SB40 Card is the Designated Cardholder whose name appears on the front of the card. Under rare circumstances as approved by the Executive Director, the Designated Cardholder may allow another employee of the agency to use his or her card.
3. Verify availability of funds, verify that purchase is an allowable charge as per Designated Cardholder's specifically approved categories, and verify that the amount does not exceed the spending limit approved as per Designated Cardholder's agreement.
4. Ensure that Missouri sales tax is not charged on qualifying purchases.
5. Obtain original itemized receipts for all purchases and payments made to the card as well as any other required documentation to support the purchase. An original receipt must be provided for every ADAIR SB40 Credit Card Purchase.
6. Maintain a Monthly Transaction Log (using template provided) containing:
 - a. amount and date of each transaction,

- b. documentation of the valid and clear business purpose for each transaction, explaining why the purchase is necessary to conduct ADAIR SB40 business,
- c. assignment of each transaction to a particular expense category for budget tracking,
- d. running total of transactions made throughout the month,
- e. signature of Designated Cardholder attesting to accuracy of information contained on the log, and
- f. signature line for Executive Director or Business Manager attesting to review and approval of log with matching itemized receipts for all purchases. The Executive Director and Accounting Manager cannot approve their own Designated Cardholder monthly logs so will either review and approved each other's logs or will request Designated Board Check Signer to review and approve their logs.

7. Compile all required supporting documentation, obtain proper approval signatures, and submit to Accounting Manager by the 4th day of each month for ALL transactions made by the Designated Cardholder to the ACSCCB card for the prior month.

Management/Board Responsibilities

All Monthly Transaction Logs must be reviewed and approved by either the Executive Director or Accounting Manager, prior to submission to Accounting on the 4th day of the month. The Director or Accounting Manager will review and match the amount of each transaction to the accompanying original itemized receipt, assure that all original itemized receipts are included, assure that the purchase was made for the use and purpose of the ADAIR SB40 within a category of purchase assigned to the particular Designated Cardholder, assure that the category assigned to the purchase is correct, and assure that the total of the transactions does not exceed the limit for that Designated Cardholder.

Any abuse or misuse of an ADAIR SB40 card identified through the review of the Monthly Transaction Logs or at any other time must be reported to the Executive Director and the Accounting Manager immediately, so that they may take appropriate measures to stop payment on any transactions and/or remove Designated Cardholder from approved users listed with the Bank issuing the card and/or invoke any and all disciplinary and legal measures required to prevent or limit losses to the ADAIR SB40. Cardholder privilege may be revoked at the discretion of the Executive Director at any time with no advance warning required. The Executive Director's Designated Cardholder privilege may be revoked at the discretion of the Chairman of the Board of Directors at any time with no advance warning required.

Accounting will review charges weekly to the ADAIR SB40 Credit Card account through online access, in order to monitor and question any unusual spending by a Designated Cardholder. Accounting will make certain that all Monthly Transaction Logs are turned in containing complete and accurate information and accompanied by all appropriate documentation of transactions. Accounting will reconcile the Bank Transaction statement each month, ensuring that any disputed charges are addressed and resolved with issuing Bank, and submitting payment in full to issuing Bank each month on or before payment deadline.

Designated Board Check Signers will review the itemized bank transaction statement and individual Monthly Transaction Logs with documentation before signing monthly payment checks to the Bank Card Account. The logs, documentation, and bank statements will become a part of the organization's financial records, subject to the same annual audit and retention requirements.

Method of Accounting

The Adair County SB40 Developmental Disability Board fiscal records, chart of accounts, operating practices shall be consistent with General Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB). The Agency's fiscal records shall be maintained on a full accrual basis within a computerized general ledger system. The Agency's fiscal year shall remain July 1- June 30 as stated in the organization's bylaws.

Contracts

Any contracts that Adair County SB40 Developmental Disability Board enters shall be reviewed and approved by the Executive Director prior to the signing of any contracts. Agency contracts shall be within the approved annual plan and operating budget. Contracts shall be procured based on assessment of persons served and agency needs.

The Adair County SB40 Developmental Disability Board empowers its Executive Director to enter into contracts that are \$20,000 or less per fiscal year without formal approval by the Board. All contracts shall be evaluated before contracts are renewed.

The Agency will not discriminate against contract providers due to race, color, religion, national origin, age, sex, handicap, disability, height, weight, marital status, or political affiliation.

All contracted providers shall comply with all applicable local, state, and federal laws, rules and regulations, and the Agency's policies, procedures, standards, and guidelines.

No contracts are considered valid contracts without the Executive Directors signature.

ASSETS

Board Owned Real Estate

Buildings constructed or purchased by the Board shall remain the property of the Board unless specific Board action designates otherwise. Buildings may be leased for specific purposes, by written agreement formally agreed to by the Board, with program intentions and maintenance provisions identified therein.

All leases shall be net leases: That is, lessees will pay all expenses of the property, except major renovation, refurbishing, and repairs on the property. The Board shall determine what constitutes "major" renovation. The amount of the lease shall be determined on an annual basis unless specific Board action designates otherwise.

The Board shall maintain property and general liability insurance coverage on buildings, grounds and Board-owned equipment. The lessee organization shall be responsible for its own organizational liability and property coverage.

Lease agreements shall represent a contract for service and shall specify Board action in the event of lessee default or failure to operate the building or program adequately.

Maintenance of Board-owned property, or property maintained by the Board according to grant provision, shall be specified and outlined by contract.

Fixed Assets Management

The Agency's general fixed assets should be reported by asset class. The most common classes used to categorize fixed assets in the public sector are as follows:

- Buildings – by location
- Vehicles
- Office Equipment – by location

Asset records will be reviewed on an annual basis for any additions or deletions due to purchases or disposals.

The asset records are recorded and maintained in an Excel spreadsheet at the original date of purchase or disposal. Currently, the following information is documented in the Excel spreadsheet on each asset, as information is available for an asset:

- The asset category and location
- Type of depreciation used
- Vendor Name
- Check Date and Check Number
- Model Number
- Serial Number

The Agency reports only a single number for fixed assets on the face of the combined statement of net assets. The Executive Director will reconcile the detailed asset ledgers to the financial statements on a monthly basis.

Cost of the asset, for this purpose, includes not only the purchase price or cost of construction, but also any other charges incurred "to place the asset in its intended location and condition for use." Examples of capitalizable costs include the following:

- Legal and title fees
- Closing costs
- Appraisal and negotiations fees

- Surveying fees
- Damage payments
- Land-preparation costs
- Demolition cost
- Architect and accounting fees
- Insurance premiums during the construction phase
- Transportation charges

Interest capitalization is permitted, but not required, for general fixed assets. In practice, interest capitalization on general fixed assets is uncommon and is not recommended.

Donated assets should be reported at their estimated fair value at date of acquisition. This rule applies only to donations made from outside the Agency. When this is not available, an estimate of the historical cost is used but may not be used for financial reporting purposes. The method used to estimate the historical cost of fixed assets for which invoices and similar documentation of historical cost are no longer available is to use old vendor catalogs to establish the average cost of obtaining the same or similar asset at the time of acquisition.

Depreciation of assets will be calculated by the Agency's accounting software and in accordance with the Governmental Accounting and Financial Reports Standards.

Fixed Assets Disposal

It is the intent of the Agency to establish a process for disposal of assets whose net economic value has been exhausted. When it has been recommended that an Agency asset should be disposed of, the disposal of that asset may be arranged through the Executive Director. Generally, the plans for disposal of the asset will be determined by Accounting Manager with the approval of the Executive Director. All assets exceeding the current book value of \$1,000 must also have approval of the Board prior to disposal.

Process:

- A determination shall be made by the Executive Director and/or Accounting Manager that the asset has been exhausted through obsolescence or is deemed unrepairable.
- Arrangements shall be made for disposal.
- Adjustments shall be made to the asset inventory database and the asset inventory dollar value to record the disposal of the asset.
- The insurance company shall be notified when the item is of significant cost, such as a car, van, building, etc.
- Guidelines established for governmental entities shall be followed in the sale of real estate.