

SANILAC COUNTY COMMUNITY MENTAL HEALTH AUTHORITY

ADMINISTRATIVE POLICY

NUMBER: BA054

NAME: CASH MANAGEMENT POLICY

INITIAL APPROVAL DATE:	03/29/1999	BY: Audit Committee
(LAST) REVISION DATE:	02/15/2023	BY: CFO
(LAST) REVIEW DATE:	02/15/2024	BY: Policy Committee
DISCONTINUED DATE:	N/A	REPLACED BY: N/A

I. PURPOSE

To establish policies and procedures for the collection, disbursement and management of cash and revenues generated by mental health services.

II. APPLICATION

Populations: **ALL**
Programs: Direct - **ALL**
Contracted - **ALL**

III. POLICY

An effective system of cash management shall be maintained that anticipates cash needs and plans adequately to satisfy them.

IV. DEFINITIONS

V. STANDARDS

- A. Maximize return on idle funds
 - 1. Cash not required for operations shall be calculated and invested in short-term investment vehicles. The Chief Financial Officer oversees all cash funds and investments.
 - 2. Interest earned on funds deposited or invested is determined to be local match.
- B. Expediting of cash receipts
 - 1. The time lag between service performance and the receipt and deposit of funds shall be kept to a minimum.
 - 2. Services shall be invoiced within 30 days of the last day of the month in which services were performed, provided a current budget and rates are available.
- C. Collection Practices
 - 1. A review of accounts receivable listings for past due balances will be performed on a continuous basis.
 - 2. See Reimbursement Procedures.
 - 3. Drawdown of funds to cover HHS grants is required.
 - A. Drawdowns can be completed as early as 72 hours in advance of funds utilization.

B. Drawdowns are limited to the minimum amount needed to cover allowable project costs

C. Drawdowns are to be timed in accordance with the actual immediate cash requirements of carrying out the approved project.

D. Drawdowns must not be made to cover future expenditures.

D. Deferring Disbursements

1. Cash disbursements shall be released at the latest acceptable time, without affecting relationships with vendors.

2. Early payment discounts shall be taken advantage of if they result in a benefit.

E. Financial Statements

1. Financial statements shall be prepared monthly in order to effectively manage cash balances.

2. A balance sheet shall be prepared and the accounts reconciled on a monthly basis.

3. A budget report shall be prepared monthly comparing actual to budget. It shall be used as a forecast and indicator of any corrective actions as needed.

VI. **ATTACHMENTS**

VII. **REFERENCES**

Reimbursement Procedures