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Owner:	<i>Dhannetta Brown: Deputy CFO</i>
Policy Area:	<i>Management & Budget</i>
References:	

Disbursement Policy

POLICY

It is the policy of Detroit Wayne Mental Health Authority (DWMHA) to ensure funds are expended for essential DWMHA business. The DWMHA must be diligent in ensuring expenses qualify as a business expense. Accounting procedures are implemented to ensure the accuracy of amounts, coding of general ledger accounts and appropriate timing of payments. This policy also include procedures for payments documented by voucher and not typically subject to approval by the DWMHA's Board of Directors or other solicitation requirements which would otherwise be paid through a purchase order. Additionally, the DWMHA receives grants and awards from federal and state governments and must be in compliance with the terms of the agencies supporting the DWMHA.

PURPOSE

The purpose of this policy is to describe the primary responsibilities of the Division of Management & Budget (M&B) - Accounts Payable ("A/P") Unit as it pertains to the processing of payments on behalf of the Detroit Wayne Mental Health Authority (DWMHA) whether by check or electronically via Automatic Clearing House (ACH) payments or Wire Transfers (EFT).

APPLICATION

1. The following groups are required to implement and adhere to this policy: DWMHA Board, DWMHA Staff,
2. This policy serves the following populations: Adults, Children, I/DD, SMI/SEI, SED, SUD, Autism
3. This policy impacts the following contracts/service lines: MI-HEALTH LINK, Medicaid, SUD, Autism, Grants, General Fund

KEYWORDS

1. Code of Federal Regulations (CFR) - The codification of the general and permanent rules and regulations published by the Federal Government of the United States.

STANDARDS

The primary responsibility of the A/P Unit is payment processing of the DWMHA's expenses. To accomplish its established mission within the guidelines of the DWMHA and applicable federal and state governmental guidelines, the A/P Unit reviews all invoices from external vendors as well as internal payments to employees.

The volume of activity and the dollar amount of the payments processed through the A/P Unit make it imperative that strict internal controls are present in order to ensure that payments are processed properly and any risk of inappropriate activity is mitigated.

It is the responsibility of the A/P Unit to ensure that all expenditures paid by the DWMHA is represented by:

1. Source document - traditionally an invoice (NO quotes or estimates);
2. Purchase Approval Form (PAF);
3. Valid business expense;
4. Proper general ledger account coding;
5. Proper authorization;
6. Paid in a timely manner upon receipt in the office.

1. **Authorized Voucher Payments**

- a. The voucher is the most common form of payment used to authorize non-purchase order disbursements. Vouchers may be used to authorize payments for the following types of DWMHA related business expenses, provided there are available budgeted funds:

1. Conference and/or seminar registrations
2. Hotel and air accommodations in accordance with the travel policy
3. Membership dues
4. Subscriptions related to the core activities of the DWMHA
5. Employee travel expense reimbursements (i.e. Employee travel expense reimbursements are paid through the electronic payroll system - ADP)
6. Training and meeting facilities
7. Food and refreshments in accordance with procurement policy
 - i. The DWMHA shall be allowed to host employee appreciation events whereby food, refreshments and employee awards and/or prizes can be provided at a reasonable cost. The purchase of goods and/or services shall be in accordance with the procurement policy.
 - ii. This section of the policy is in accordance with 2 CFR 225 - Cost Principles for State and Local Governments, Appendix B Section #13, Employee Morale, Health and Welfare, and Section #27, Meetings and Conferences.
 - a. Each DWMHA division shall be allowed to spend up to \$25 per month on refreshments for provider, staff and/or consumer related meetings whereby the purpose of the meeting is to disseminate technical information.
 - b. The agenda and sign-in sheets shall be submitted with the reimbursement.
 - c. Division directors shall submit actual receipts and are responsible for tracking and making certain the cumulative amount does not exceed \$25 per month.
 - d. In the event it is determined that the policy is being abused or violated, the division will be prohibited from providing future refreshments.
8. Petty cash fund replenishments

9. Postal and express mail services
 10. Miscellaneous fees and receipts
 11. Utility bills
 12. Certain expenses related to DWMHA/provider sponsored events
 13. Payment of taxes and withholding
 14. Payment of insurance policy premiums
 15. Payment of health benefits an employee voluntary deductions
 16. MDHHS, MCPN and provider cost settlements
 17. Employee acknowledgements
 18. Office Depot
 19. DWMHA issued credit cards
- b. The payments of premiums and administrative fees to brokers, third party administrators, and other vendors shall be paid by purchase order. Small purchases of goods and services that are less than \$5,000 shall also be paid by purchase order.

2. **Payment Methods:** The Division of M&B - A/P Unit shall process payments every other week by utilizing the following payment methods:

a. Check:

1. A check is a written, dated and signed instrument that contains an unconditional order from the drawer that directs a bank to pay a definite sum of money to a payee.
2. Checks will be printed and available for mailing by 4:30 pm every other Thursday. Vendors are allowed the opportunity to pick up manual checks anytime after 3:00 pm on Thursday of the check printing week, however they must sign a form and be an authorized member of the vendor. The deadline for receipt to the Division of M&B for eligibility in Thursday's payment processing is the preceding Tuesday by 3:00 PM. This schedule is modified when necessary for holidays.
3. Positive Pay procedures ensure check writing security and fraud prevention. Procedures include electronically forwarding to the bank a (.csv) file initiated and released by the Accounts Payable Manager with check numbers, check date, amounts and payees for the bank to clear only those checks listed.
4. In general, it is the policy of the Division of M&B to mail checks to vendors with sufficient time to either take advantage of offered discounts, or to comply with the terms noted on their respective invoice. This policy is impacted by factors such as the timely input of receivers by divisions and the timely receipt of a valid invoice. While it is important to comply with the vendor's terms for continued favorable pricing and relationship maintenance, the DWMHA is also cognizant of fundamental cash management.

b. Electronic Fund Transfers (EFT):

1. A wire transfer is an alternative method to authorize and disburse payments in instances where it is desirable or essential that the payee receive immediate funds in settlement of a particular transaction. A wire transfer is simply an electronic transfer of funds which allows people on opposite sides of the globe to quickly and easily exchange money. A wire transfer is a relatively

safe means of instantaneously transferring money. The identities of the bank account holders are confirmed and the funds are guaranteed, so the potential of fraud in a wire transfer transaction is limited. A wire transfer can also be called a bank transfer or EFT (electronic funds transfer). An ATM transaction would be an example of a wire transfer.

2. Although an on-line voucher is not required for wire transfer requests, such requests must be supported by documentation explaining the nature and reason for the wire transfer request. Such documentation shall also include the general ledger account coding, the name of the payee, the name of the payee's financial institution, the financial institution's account and routing numbers, and budget authorization.
 3. All disbursements of funds using an electronic transfer shall be conducted by the DWMHA's Accounts Payable Manager. All disbursements require supporting documentation detailing the goods or services purchased, the date of the purchase, the program serviced by the payments, the division director authorizing the purchase, or the contract authorizing the purchase. In general, EFT payments will be initiated on Thursday for settlement on Friday however a later settlement date may be used, if necessary.
 4. All electronic funds transfers must be entered through the general ledger system and must be reviewed and approved by the CFO, or his/her designee. All invoices being paid via electronic transfer shall be approved by the normal accounts payable review process. All electronic funds transfers shall be verified with documentation which will be reviewed and approved by the Accounts Payable Manager.
- c. Automatic Clearing House (ACH):
1. Automated Clearing House (ACH) is a computer-based clearing and settlement network for interchange of electronic debits and credits among financial institutions. ACH entries can be used for all kinds of electronic funds transactions, including direct deposit for paychecks and other benefits as well as monthly routine payments to vendors.
 2. In general, ACH payments will be initiated on Thursday for settlement on Friday however a later settlement date may be used, if necessary.
- d. **Note: No vendors will be allowed to automatically withdraw funds from the DWMHA accounts to pay for purchases.**

3. Changes to Banking Information

- a. Vendors must submit a letter on company letterhead with any changes to financial institutions, account and routing numbers for ACH and EFT payments.
- b. The letter must be signed by the Chief Financial Officer or the Chief Executive Officer of the company.
- c. The Accounts Payable Manager will follow-up with a phone call, confirming the changes.

4. Dispute Resolution

- a. In order to facilitate compliance with the intent of this policy, should a dispute occur between a vendor and the DWMHA concerning the payment of a proper invoice, the Division of M&B will not pay invoices submitted in excess of the purchase order or contract amount.
- b. The vendor must notify the requesting division of the discrepancy and work with them for resolution. In the event of unit cost discrepancies, the Division of M&B will pay the vendor based on the purchase order.

- c. Retroactive payments will be provided once the purchase order has been updated and approved by the Purchasing Division.
 - d. Freight costs must be included in the purchase order. If freight costs were inadvertently omitted, the vendor must notify the requesting division and work with them for resolution.
5. **Reconciliations:** The account payable and cash general ledger accounts shall be reconciled within 30 days after the end of the month. The reconciliation shall be prepared by the M&B staff and reviewed by a supervisor.

QUALITY ASSURANCE/IMPROVEMENT

DWMHA shall engage an independent auditor to provide reasonable assurance that the financial reporting controls of the DWMHA are reliable and prepared in accordance with Generally Accepted Accounting Principles along with the DWMHA's adherence to this policy.

COMPLIANCE WITH ALL APPLICABLE LAWS

DWMHA staff are bound by all applicable local, state and federal laws, rules, regulations and policies, all federal waiver requirements, state and county contractual requirements, policies, and administrative directives, as amended.

LEGAL AUTHORITY

1. 2 CFR 225 - Cost Principles for State, Local and Indian Tribal Governments
2. Generally Accepted Accounting Principles (GAAP)
3. Governmental Accounting Standards Board (GASB)

RELATED POLICIES

1. Clinical and Non-Clinical Contract Approval and Authorized Signatures Policy and Procedure
2. Contributions, Sponsorship and Public Relations Policy
3. Credit Card Policy
4. Fiscal Control & Accountability Procedure
5. Petty Cash Fund Policy
6. Procurement Policy
7. Travel Policy

RELATED DEPARTMENTS

1. Administration
2. Compliance
3. Legal
4. Management & Budget
5. Purchasing

CLINICAL POLICY

NO

INTERNAL/EXTERNAL POLICY

INTERNAL

Attachments:

[Purchase Approval Form \(PAF\) - Final.docx](#)

Approval Signatures

Approver	Date
Dana Lasenby: Acting Chief Executive Officer	01/2018
Allison Smith: Project Manager, PMP	01/2018
Kip Kliber: Director, Recipient Rights	12/2017
Julia Kyle: Director of Integrated Care	11/2017
Lorraine Taylor-Muhammad: Director, Managed Care Operations	11/2017
Mary Allix: Director of Quality Improvement	10/2017
Bessie Tetteh: CIO	10/2017
Brooke Blackwell: Communications Director	10/2017
Michele Vasconcellos: Director, Customer Service	10/2017
Donna Coulter: Dir. of OPA	10/2017
William Sabado: Chief of Staff	10/2017
Eric Doeh: Compliance Officer	10/2017
Maha Sulaiman: Director of Utilization Management	10/2017
crystal Palmer: Director, Children's Initiatives	10/2017
Jean Alce: Interim Medical Director	10/2017
Darlene Owens: Director, Substance Use Disorders, Initiatives	10/2017
Andrea Smith: Director of Clinical Practice Improvement	10/2017
Rolf Lowe: Assistant General Counsel/HIPAA Privacy Officer	10/2017
Jody Connally: Director, Human Resources	10/2017
Michael Rangos: Director of Procurement	10/2017
Corine Mann: Chief Strategic Officer/Quality Improvement	10/2017
Stacie Durant: CFO Management & Budget	10/2017
Dhannetta Brown	10/2017



Detroit Wayne Mental Health Authority

Event/Purchase Approval Form

Date: Click or tap here to enter text

Employee Name: Click or tap here to enter text

Division: Click or tap here to enter text

Request Description: Click or tap here to enter text

Benefit: Click or tap here to enter text

Location: Click or tap here to enter text

Cost: Click or tap here to enter text

Type of Purchase (Select One):

- Conference/Seminar
 Supplies/Equipment
 Training/Meeting
 Facilities
 Memberships/Subscriptions
 Refreshments
 Other (Specify)

Supervisory Approval Date

Administrative Approval Date

Budget Approval Date

Account #
(M&B Only): _____

Note: Attach Supporting Documentation

Check Payable To: Click or tap here to enter text

Address of Vendor: Click or tap here to enter text

City: Click or tap here to enter text

State/Zip Code: Click or tap here to enter text Click or tap here to enter text