

Alaska eHealth Network

Finance Policies

1.01 ACCESS TO RECORDS

It is the policy of the Alaska eHealth Network (AeHN), the “Network,” to allow the public inspection of the following records of the Network:

- IRS Form 990
- Original applications for tax-exempt status
- Audited financial statements

1.02 ACCOUNTING COMPUTER FILE RECORDS BACK-UP PROCEDURE

It is the policy of the Network to maintain a computer file back-up system for accounting records in accordance with the Data Backup and Storage procedures.

1.03 ACCOUNTING METHOD

It is the policy of the Network to use the accrual basis of accounting that recognizes revenues when they have been earned and expenses when they have been incurred.

1.04 ACCOUNTS RECEIVABLE WRITE-OFF PROCEDURES AND AUTHORITY

Bad Debts Procedures: It is the policy of the Network to ensure that all available means of collecting accounts receivable have been exhausted before write-off procedures are initiated. If a receivable is deemed uncollectible, the following approvals are required before write-off implementation:

<u>Amount</u>	<u>Individual</u>
\$1000.00 or less	Executive Director
More than \$1000.00	Board of Directors

1.05 ANNUAL LEAVE ACCRUAL

It is the policy of the Network to budget for and accrue the value of the personal leave liability due employees.

Annual Leave Payments: It is the policy of the Network to allow employees to carry forward no more than 30 unused personal leave days (240 hours) into the next fiscal year. Balances in excess of this amount will be forfeited, unless approved in writing by the Executive Director prior to the close of the fiscal year.

1.06 ANNUAL AUDIT / AUDITED FINANCIAL STATEMENTS

Audited Financial Statements:

It is the policy of the AeHN to complete an annual audit, or to otherwise meet timelines specified by funding agencies or grantors for terms of funding.

It is the policy of the Network to direct the Executive Director to distribute the audited financial statements and the management letter to the Board of Directors and to regulatory agencies and organizations entitled to receive a copy because of contractual agreement. The decision to publish the statements or otherwise

make them available will be made by the Board at its meeting following the issuance of statements.

The authority to distribute the statements to other individuals or firms requesting them will be left to the discretion of the Executive Director.

The Engagement Letter. It is the policy of the Network to have the Finance Committee of the Network review the draft of the audit engagement letter before it is signed to ensure it covers matters important to management. The Committee will then make a recommendation to the entire Board to approve the engagement.

The engagement letter will be reviewed at the Board of Directors' meeting immediately before the audit commences. Board approval is required before the Board President, Treasurer of the Board of Directors, or Executive Director is given authority to sign the document.

The Management Letter. It is also AeHN policy that management will discuss the management letter with representatives of the auditing firm and will direct staff as to the appropriate action required to correct deficiencies addressed.

Annually, the Board will review the entire audit and management letter. After Board review, distribution of the management letter to individuals or firms other than those entitled to a copy by contractual obligation is left to the discretion of the Executive Director.

Selection of Audit Firm. It is the policy of the Network to contract with the CPA firm selected to audit the Network for a period not to exceed seven years.

The committee will then interview a minimum of three CPA firms specializing in auditing not-for-profit organizations and make a recommendation to the Board of Directors for final selection. Re-awarding the contract for auditing services to the existing auditing firm is acceptable as long as the interview and selection criteria clearly indicate the firm is the most qualified and cost effective.

Additionally, the contract awarding the audit to the CPA firm will have a clause allowing the Network to contract with another firm before the end of the contract period if the current firm provides unsatisfactory service. The contract awarding the audit will also contain a clause for audit completion within a four month time period after the end of the fiscal year.

1.07 BANK RECONCILIATIONS

It is the policy of the Network for bank reconciliations to be completed by the 15th of the following month. Office Manager/Office Manager All reconciliations will be reviewed and initialed by Executive Director or his/her designee.

1.08 BOARD-DESIGNATED FUNDS

It is the policy of the Network to treat board-designated funds as board designated net assets on the statement of financial position.

1.09 BONDING OF EMPLOYEES

It is the policy of the Network to bond all employees involved in the financial functions of the Network.

1.10 BUDGET

The Network shall have an annual operating budget prepared by the management of the Network and approved by the Board of Directors prior to the beginning of each fiscal year. The budget shall be accompanied by a budget summary providing explanation and justification for all major budget items.

1.11 CAPITALIZATION

It is the policy of the Network to expense an asset in the period purchased if the asset costs less than \$1,000.

An asset in excess \$1,000 will be capitalized and amortized/depreciated in accordance with the Network's amortization/depreciation policies.

Improvements to real property and leasehold improvements will be capitalized if the cost is in excess of \$1,000.

1.12 CAPITALIZED ASSETS

Capitalized Assets (See Section 1.12 - Capitalization) will be recorded on a Fixed Assets schedule. The Fixed Assets schedule will show the item description, date placed into service, acquisition cost including all costs to place the item in service, depreciable life, accumulated depreciation prior year, current year depreciation expense, and end of year accumulated depreciation.

The depreciation schedule shall be reconciled to the general ledger on an annual basis.

Fully depreciated assets will remain on the depreciation schedule until disposition of the asset.

All capitalized assets shall be tagged to identify ownership, kept adequately maintained, and insured under the Network's insurance policy.

1.13 CHART OF ACCOUNTS

It is the policy of the Network to maintain a chart of accounts. All employees involved with accounting coding responsibilities or budgetary responsibilities will be issued a chart of accounts and the chart of accounts will be updated on a routine basis.

1.14 CHECK DISBURSEMENTS

It is the policy of the Network to keep unused check supplies safeguarded under lock and key. All check disbursements will require approved invoices, approved check requests, or expense vouchers. Signed checks not mailed or distributed will be put under lock and key at the end of each day.

1.15 CHECK DEPOSITS

It is the policy of the organization to endorse checks with a stamp as follows:

For Deposit Only
Alaska eHealth Network
Bank Name
AccountNumber

1.16 CHECK SIGNING

It is the policy of the Network to require two signatures from authorized signers to sign Network checks. Check-signing authority will include the Board President, Vice-President, Treasurer, members of the Finance Committee, and the Executive Director.

Individuals involved with check preparation and bank reconciliations are prohibited from having check-signing authority.

1.17 COMPUTER PASSWORDS

It is the policy of the Network to assign unique computer passwords to each individual who has access to the accounting system. Passwords of terminated employees will be canceled immediately. All passwords will be maintained in accordance with Network security policies.

1.18 CONTRIBUTIONS

It is the policy of the Network to send thank you letters on the Network's letterhead acknowledging all contributions, regardless of the amount. The letters will indicate the dollar amount contributed and the value of any goods or services received by the donor as a result of the donation.

1.19 CONTROLS OVER CHECKS AND CASH

Mail will be opened by the Office Manager. The Office Manager makes copies of all checks received.

1.20 CORPORATE CREDIT CARDS

AeHN management maintains an approach of great caution in the use of credit cards for corporate purposes by individual AeHN staff.

AeHN may make corporate credit cards available to select staff on a need-to-have basis. Individuals holding cards will ensure that individual card details remain confidential to them.

Cards are to be used for relevant corporate business only, which includes travel related and event expenses, and business operations supplies and expenses. Corporate credit cards are not intended for use for personal entertaining, travel or other expenses. Employees using corporate credit cards are fully and completely accountable for card use. All charges will be examined by the Business

Operations Coordinator and Executive Director to insure that they represent proper and legitimate AeHN expenditures. Misuse of the card will result in disciplinary action and loss of card privileges, and possible termination of employment. In the event of card misuse, full restitution of misspent charges is expected from the employee. AeHN will use pursue all legally permissible avenues to recover lost funds and gain restitution.

Documentation of card use is retained by the Business Operations Coordinator. Monthly bills are received at the company address. Documentation of card use will be reconciled with incoming statements monthly.

1.21 DEPRECIATION/AMORTIZATION

It is the policy of the Network to depreciate fixed assets as per the Depreciation/Amortization policy using the straight-line method over the estimated life of the fixed asset. Depreciation/amortization expense will be taken on the first of the month if the fixed asset is placed into service during the 1st to 15th day of the month or the first day of the following month if placed into service the 16th to 31st day of the month.

Fully depreciated/amortized fixed assets will remain on the Network's statement of financial position until they are disposed of or otherwise deemed worthless.

Assets will be capitalized in accordance with the Network's Capitalization Policy.

1.22 DOCUMENT SHREDDING

It is the policy of the Network to shred confidential and sensitive documents when the time period required to keep the documents has been met.

1.23 FINANCE COMMITTEE

It is the policy of the Network to maintain a Board Finance Committee in accordance with the Bylaws of the Organization. The Treasurer will chair the committee, shall be responsible for the accountability of funds belonging to the Network and ensure that appropriate financial reports are made available to the Board of Directors on a timely basis.

1.24 FINANCIAL STATEMENT PREPARATION AND DISTRIBUTION

It is the policy of the Network to prepare and distribute monthly financial statements that will include the Statement of Activities, including a year to date budget to actual variance, Statement of Financial Position, Balance Sheet, and Budget Variance Statements. These statements will be prepared by the 20th day of the following month. A narrative explaining significant variances from budgeted amounts will also accompany the statements.

The statements will be presented to the Finance Committee of the Board of Directors and then be presented at the next Board of Directors meeting.

1.25 FISCAL YEAR

The Network operates on a fiscal year from July 1 to June 30.

1.26 GRANTS, CONTRACTS, AND FOUNDATION AWARDS

The Network shall apply for grants, contracts, and foundation awards after determining that the award will meet the priorities of the Network as outlined in the Board of Director's approved strategic plan and will be financially viable.

1.27 INDEPENDENT CONTRACTORS

It is the policy of the Network to evaluate criteria established by the IRS when assigning individuals to independent contractor status.

1.28 INSURANCE

The Network shall purchase and maintain a comprehensive program of liability insurance addressing all aspects of the Network's operations, including Directors and Officers Liability insurance, Employment Practices Liability insurance, General Liability insurance, Non-Owned and Hired Auto Liability, Additional Insured Endorsement of General Liability, Property Insurance and Worker's Compensation insurance.

1.29 INTERNAL CONTROL

The Network shall establish and maintain appropriate internal controls for asset management, receipt of cash, disbursement of cash, payroll, expense reimbursement and other areas as needed.

1.30 INVESTMENT POLICY

The Network's investments are approved by the Board of Directors and managed by the Executive Director. Operation of the Network's investments requires two signatures from authorized check signers, one of which must be from the Board of Directors.

The Network will strive to keep enough cash-on-hand equal to 60 days operating expenses. Excess funds will be invested in financial instruments that will provide the highest level of return with minimum risk.

PURPOSE

The AeHN recognizes that effective cash management is an integral component of good financial management. Therefore, it is the policy of AeHN that funds in excess of immediate operating needs, based on projected cash flow, be invested in a manner that seeks to maximize fund productivity until such time as they are needed for operations.

No person may engage in an investment transaction except as provided under

the terms of this policy and any procedures established by the Executive Director.

SAFEKEEPING AND CUSTODY OF SECURITIES

Unless waived by the Board of Directors in writing, all marketable securities purchased by AeHN and all securities pledged to AeHN as collateral shall be held either directly by AeHN or by a third party custodial bank or a nationally recognized brokerage firm as agent of AeHN. The Board may enter into agreements with one or more banks to provide custodial and safekeeping services for cash and investments or a nationally recognized brokerage firm to provide brokerage and custodial services for AeHN cash and marketable securities.

CRITERION:

The criteria for investment selection, in priority order, are as follows:

1. Safety – The primary objective of AeHN's investment strategy is ensuring the safety of principal. The investment of excess funds of AeHN shall be undertaken in a manner that seeks to maximize investment income while ensuring the preservation of capital in the portfolio.
2. Return on Investment – The investment portfolio shall be designed to attain, at a minimum, a market-average rate of return throughout budgetary and economic cycles, taking into account AeHN's investment risk constraints, federal regulations and the cash flow needs of the AeHN's operations. Investments will be made at the highest rates obtainable at the time of investment.
3. Liquidity – AeHN's investment portfolio shall remain sufficiently liquid to enable AeHN to meet all operating requirements and expenses.

REPORTING

Monthly, a report demonstrating where funds are invested, if any, and how they are performing will be provided to the Finance Committee. Bi-monthly, this report shall be included in the Board Meeting packet.

1.31 LEASES

It is the policy of the Network to record leases as either capital leases or operating leases in the financial records, based on appropriate qualification criteria.

1.32 LONG-TERM DEBT

It is the policy of the Network to include the current portion of long-term debt (the amount due to be paid within 12 months) with current liabilities on the financial records. Only the non-current portion of long-term debts will be included in the long-term debt section of the financial records.

1.33 NON-SUFFICIENT FUNDS (NSF) CHECKS

It is the policy of the Network to include checks returned by the bank because of non-sufficient funds in accounts receivable and the non-sufficient funds account in the accounting records. If the checks in question are eligible for redeposit, the subsequent deposit will reduce the receivable account accordingly. If the checks in question are prohibited from redeposit, the Network's Accounts Receivable Write-Off Policy will be implemented.

1.34 RECORDS RETENTION

It is the policy of the Network to retain records as required by law and to destroy them when appropriate.

1.35 REQUESTS FOR NEW POLICIES AND PROCEDURES

It is the policy of the Network to encourage employee involvement in keeping the Accounting and Financial Policies and Procedures Manual up to date. Employees requesting existing policy changes, addition of new policies, and elimination of existing policies should inform the Executive Director.

1.36 SEGREGATION OF DUTIES

It is the policy of the Network to work with the Network's independent CPA firm to ensure that adequate segregation of duties exists. Suggestions on improving controls through duty segregation will be given serious consideration, and employees will be required to participate in the interest of both the Network and the employee.

1.37 TELEPHONE EXPENSES

It is the policy of the Network to require employees to reimburse the Network for personal telephone calls.

1.38 TIME SHEETS

It is the policy of the Network that all employees complete and sign time sheets for every pay period. Time sheets will be reviewed and approved by the employee's supervisor. Pay Stubs will not be distributed until approved time sheets have been submitted (See Part Two - Personnel Policies for specific payroll and employee policies and procedures).

1.39 TRAVEL POLICY

The Network will pay for or reimburse employees for business related travel expenses for authorized and approved business travel in accordance with the Network's Travel Policy. Travel expense reimbursements will be distributed within two weeks of the finance department's receipt of properly approved

requests.

Personal Mileage: Employees will be reimbursed for use of their personal cars on Network business at a rate equivalent to the IRS rate. Mileage for commuting to and from work will not be reimbursed.

1.40 VOIDED CHECKS

It is the policy of the Network to maintain a Voided Checks Log and document every check that has been voided, regardless of the reason.

If voided checks are physically available, they will be stamped "VOID", the signature space will be removed, and the check will be filed in the Network's Voided Checks File.

1.41 WRITE-OFF OF OLD CHECKS

It is Network policy to make every attempt possible to contact the payees of outstanding checks that fail to clear the bank as per the regulations of the State of Alaska.

Employee Agreement: Protocol for Use of Corporate Credit Card

The card will be issued by the Executive Director. The Executive Director will also retain responsibility for cancelling the card upon an employee’s departure from the company or for any other reason deemed necessary by the Executive Director.

Employees using corporate credit cards are fully and completely accountable for card use and will sign a statement acknowledging as such. Each use of the card, including charges and what they were for, will be documented on the Expense Request form. All receipts must be attached to the form and submitted no later than 10 business days from the purchase date to the Business Office Coordinator. Missing receipts must be accompanied by the Missing Receipts form, with a thorough written explanation from the employee. Chronic loss of receipts will result in loss of card privileges.

Any questions on procedures for corporate credit cards may be directed to the Business Operations Coordinator or the Executive Director.

Statement of Acknowledgement Regarding AeHN’s Policy on Corporate Credit Card Use

I have received privileges to use an AeHN Corporate Credit Card, and am in possession of said card. I have read and understand the policy outlined above on Corporate Credit Cards.

Name Date

Employee Supervisor Date

Executive Director Date

FINANCE POLICIES	POLICY #	7.100
APPROVED BY: AeHN Board of Directors	ADOPTED:	1/18/2012
	REVISED:	
	REVIEWED:	