

Community Mental Health Partnership of Southeast Michigan		<i>Policy:</i> Accounts Payable
PIHP Operations		
	Date of Board Approval 5/14/2014	Date of Implementation 5/15/14

I. PURPOSE

To govern the timely payment of financial obligations of the Community Mental Health Partnership of Southeast Michigan (CMHPSM).

II. REVISION HISTORY

Revision Date	Modification	Implementation Date
08/24/2018	Routine Review	10/01/2019

III. POLICY

It is the policy of the Community Mental Health Partnership of Southeast Michigan to process all legitimate disbursements in accordance with Generally Accepted Accounting Principles (GAAP), funding restrictions, and all applicable State laws and guidelines governing the use of public funds.

IV. APPLICATION

All financial commitments authorized by approved signors of the CMHPSM.

V. DEFINITIONS

Community Mental Health Partnership of Southeast Michigan (CMHPSM): The Regional Entity that serves as the PIHP for Lenawee, Livingston, Monroe and Washtenaw counties for mental health, intellectual/developmental disabilities, and substance use disorder services.

Generally Accepted Accounting Principles: Accounting principles that are the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

VI. STANDARDS

A. All invoices, lease payments, employee reimbursement forms, and check requests that have been approved by authorized signors will be paid within thirty (30) days of receipt or in accordance with contractual and lease obligations.

B. Generally Accepted Accounting Principles are the basis for all transactions:

- **Principle of regularity**: Regularity can be defined as conformity to enforced rules and laws.

- **Principle of consistency:** The consistency principle requires accountants to apply the same methods and procedures from period to period.
 - **Principle of sincerity:** According to this principle, the accounting unit should reflect in good faith the reality of the company's financial status.
 - **Principle of the permanence of methods:** This principle aims at allowing the coherence and comparison of the financial information published by the company.
 - **Principle of non-compensation:** One should show the full details of the financial information and not seek to compensate a debt with an asset, a revenue with an expense, etc.; also known as convention of conservatism.
 - **Principle of prudence:** This principle aims at showing the reality "as is": one should not try to make things look prettier than they are. Typically, a revenue should be recorded only when it is *certain* and a provision should be entered for an expense which is *probable*.
 - **Principle of continuity:** When stating financial information, one should assume that the business will not be interrupted. This principle mitigates the principle of prudence: assets do not have to be accounted at their disposable value, but it is accepted that they are at their historical value.
 - **Principle of periodicity:** Each accounting entry should be allocated to a given period, and split accordingly if it covers several periods. If a client pre-pays a subscription (or lease, etc.), the given revenue should be split to the entire time-span and not counted for entirely on the date of the transaction.
 - **Principle of Full Disclosure/Materiality:** All information and values pertaining to the financial position of a business must be disclosed in the records.
- C. All payments will be processed via electronic funds transfer or check on a weekly basis. Checks issued are subject to positive pay. Each check presented for payment will match the check number, date of issue, payee and dollar amount on file with the banking institute for fraud protection.

VII. EXHIBITS
None

VIII. REFERENCES
None