

YOUTH SERVICES POLICY

Title: Budget and Fiscal Management Activities Next Annual Review Date: 05/05/2017	Type: A. Administrative Sub Type: 3. Fiscal Number: A.3.8
Page 1 of 7	
References: La. R.S. 24:513, 36:401; 39:78 "Uniform Accounting Procedures", 39:233, 39:242, 39:1561 and 49:321; State Treasurer Policies and Procedures Manual; Office of Risk Management Procedures Manual and Generally Accepted Accounting Principles; ACA Standards 2-CO-1B-01, 2-CO-1B-05 and 2-CO-1B-06 (Administration of Correctional Agencies); 4-JCF-6B-02, 4-JCF-6B-05, 4-JCF-6B-06, 4-JCF-6B-08, 4-JCF-6B-12 (Performance-Based Standards for Juvenile Correctional Facilities), 2-7060, 2-7061 and 2-7062 (Juvenile Probation and Aftercare Services); YS Policy Nos. A.1.14 "Unusual Occurrence Reports", A.1.7 "Risk Management", A.3.7 "Procurement of Supplies and Equipment", A.3.11 "Financial Property Loss Prevention Program", B.9.1 "Facility Youth Welfare Fund", B.9.3 "Youth Banking", C.4.2 "Social Security Benefits", and C.5.3 "Quality Assurance Reviews-Central Office Audits, Secure Facilities and Regional Offices"	
STATUS: Approved	
Approved By: <i>Mary L. Livers, Deputy Secretary</i>	Date of Approval: 05/05/2016

I. AUTHORITY:

Deputy Secretary of Youth Services (YS) as contained in La. R.S. 36:405. Deviation from this policy must be approved by the Deputy Secretary.

II. PURPOSE:

To provide YS' policy governing fiscal management to include planning, budgeting and accounting procedures.

III. APPLICABILITY:

Deputy Secretary, Assistant Secretary, Undersecretary, Deputy Undersecretary, Chief of Operations, Deputy Assistant Secretary, Regional Directors, Facility Directors, Regional Managers, and all employees responsible for budget and accounting related activities.

IV. DEFINITIONS:

Facility Youth Welfare Fund (YWF) - Abandoned property in the form of legal tender and interest income earned from the investment of youth money maintained by the DPS&C - Corrections Offender Banking Section (refer to YS Policy No. B.9.1).

Imprest Fund - An account used primarily for reimbursement of travel expenses, registration fees for conferences, postage, and other minor expenses.

LaGOV ERP SRM - Enterprise Resource Planning, Supplier Relationship Management - An automated purchasing system on the mainframe used for transmitting, transacting, and data storage of purchasing documents/processes (see YS Policy No. A.3.7).

Office of Management and Finance - An office within Youth Services that oversees the administrative and operational functions of the agency.

Public Safety Services (PSS) Office of Management and Finance (PSS/OMF) - A unit within Public Safety Services that oversees the administrative and operational functions of the agency.

Petty Cash - Cash on hand for small incidental or emergency purchases where a check is not required or cost effective. Only secure facilities are authorized to have petty cash on hand.

Unit Head - Deputy Secretary, Facility Directors and Regional Managers.

Unusual Occurrence Report (UOR) - A document that must be completed by staff to report incidents or observations of events that may have an impact on any aspect of the agency. UOR forms shall be made available to all employees, working in all areas at all times. Employees must complete and submit a UOR prior to the end of their tour of duty on the day the incident was observed or comes to the employee's attention in any way. If a UOR form is not available, the employee must use any paper available to report the pertinent information. UORs may also be submitted by email. (Refer to YS Policy No. A.1.14)

YS Central Office - Offices of the Deputy Secretary, Assistant Secretary, Undersecretary, Chief of Operations, Deputy Assistant Secretary, Regional Directors, and their support staff.

V. POLICY:

It is the Deputy Secretary's policy that complete control over all financial management aspects and fiscal management activities be maintained for YS through utilization of La. R.S. 39:78 "Uniform Accounting Procedures," "State Treasurer Policies and Procedures Manual", "Office of Risk Management (ORM) Procedures Manual", and "Generally Accepted Accounting Principles". YS Policy No. A.1.7 contains information about the requirements of ORM.

VI. PROCEDURES:

A. The Undersecretary/designee shall be responsible for monitoring and reviewing the expenditure of funds. All income and expenditures shall be accounted for on an ongoing basis through internal control procedures and internal audits as necessary. Planning and budgeting shall be related directly

to the program objectives of each unit. Public Safety Services, Office of Management and Finance (PSS/OMF) shall assist the units with these efforts. Periodic reviews shall be conducted to include a full accounting of the funds allocated for each program function.

- B. Each Unit Head shall submit a proposed budget to the Undersecretary/designee annually for review and approval. The Deputy Secretary/designee shall be responsible for the overall agency formulation, presentation of YS' budget to the Legislature, and representing YS at budget hearings. The day-to-day financial management of YS shall be the responsibility of the Undersecretary/designee.
- C. Each Unit Head shall be responsible for the financial management and control of their respective budgets, and shall be responsible for ensuring that proper budget management is achieved. Oversight shall be provided by the Undersecretary/designee.
- D. PSS/OMF shall ensure that appropriate insurance coverage is provided, including but not limited to: worker's compensation, liability, automobile, physical damage, property, personal injury liability, public employee blanket bond, medical malpractice, and other miscellaneous coverage as deemed appropriate.
- E. Each Unit Head shall ensure that all bank accounts for their unit are properly secured or collateralized pursuant to La. R.S. 49:321. Each unit shall notify PSS/OMF of the type of accounts, account numbers, the dollar amounts in each account, as well as the bank's name and address.

Monthly "Bank Reconciliation" forms [see Attachment A.3.8 (a)] shall be submitted to PSS/OMF no later than 15 days following the end of the month. PSS/OMF shall monitor account activity and balances to determine if any under-collateralizations have or are likely to occur.

If the combined balance of all accounts at any financial institution not having an existing collateral agreement are likely to exceed the \$250,000 FDIC insurance limit for an interest and non-interest bearing account, the Undersecretary shall notify PSS/OMF to secure assistance to invest a portion of the funds in another financial institution.

The Undersecretary shall be notified any time account changes are required, whether it be the establishment of a new account, changes in investments, or a transfer of ownership of the financial institution; the units must coordinate efforts with the Undersecretary to monitor bank balances. The Undersecretary shall contact PSS/OMF to advise of these changes.

Those units operating under existing collateralization agreements shall be responsible for monitoring the bank accounts and notifying the Undersecretary, who shall contact PSS/OMF, if additional securities are required to be pledged in order to secure the account in keeping with the collateralization agreement.

F. Internal Controls

1. Each Unit Head shall appoint employees with a high standard of integrity and competency due to their education, experience and/or training to manage accounting procedures.
2. The Unit Head shall ensure that accounting transactions and other fiscal related activities are properly authorized, and that separation of duties is maintained in the assignment of responsibilities for authorizing, recording and auditing transactions, and maintaining the custody of assets.
3. When employees are assigned fiscal responsibilities, their supervisors shall provide training on applicable policies and procedures. Additional training may be requested from the PSS/OMF, if necessary.
4. All commodity based purchases shall be ordered, received and paid for through the LaGOV ERP SRM system maintained by the Division of Administration (DOA). (If over \$5,000 the requisition is entered in the LaGOV ERP SRM system.)
5. All other purchases may be processed through the LOTUS Notes 156-B database maintained by PSS/OMF.
6. Employees shall be permitted business-need-only access to data files and functions necessary to perform their assigned duties. The Unit Head/designee shall **immediately** notify the Undersecretary/designee any time an employee terminates employment with YS or transfers to another position or office within the unit for which access to data files is needed. The Undersecretary/designee shall then notify PSS/OMF.
7. All materials and supplies not available in warehouse or storeroom inventories, conference and convention registration, operating services, and equipment or major repairs shall be requisitioned by utilizing the LOTUS Notes 156-B database when the cost is less than \$2,000, which automatically forwards requests to appropriate staff for approval when the "send" button is selected.
8. All requests for "as needed" services in the community based programs (P&P) inventory shall be submitted by utilizing the LOTUS Notes 156-A database. The information shall be entered by the employee requesting the items and approved by the supervisor.

9. All monies collected within each unit shall be placed daily in an officially designated and secure location by designated personnel. Deposits should be made weekly.
10. Facility procedures shall detail the specific duties and responsibilities for each employee to verify proper accounting for the receipt and transfer of monies, including cash, by completing the "Monetary Chain of Custody" form [see Attachment A.3.8 (b)]. These procedures shall be in compliance with "Generally Accepted Accounting Principles" and shall be reviewed periodically PSS/OMF.
11. Problems such as cash shortages, inventory shortages, and any unauthorized warehouse transactions shall be immediately reported to the Unit Head by completing a UOR. The Unit Head shall investigate the problem and take corrective action as necessary. If the shortage exceeds amounts established by the Undersecretary, a report shall be submitted to the Undersecretary/ designee with a recommended solution pursuant to YS Policy No. A.3.11.

G. Petty Cash and Imprest Funds

1. Each secure care facility shall administer a Petty Cash Fund of no more than \$400 with a consistent approved balance in accordance with La. R.S. 39:233, and an Imprest Fund administered in accordance with La. R.S. 39:242. The Unit Head shall be deemed the custodian of the Petty Cash and Imprest Funds, and shall approve all vouchers for expenditure of these funds by ensuring a "Petty Cash Receipt" form [see Attachment A.3.8 (c)] is completed for each transaction. The Petty Cash Fund shall be maintained in a secure location in a fire proof safe with combination ingress.
2. Petty Cash Funds shall be verified weekly on the "Petty Cash Verification" form [see Attachment A.3.8 (d)], and reconciled monthly on the "Petty Cash Reconciliation" form [see Attachment A.3.8 (e)].
3. As often as may be necessary, the custodian/designee shall replenish the Petty Cash Fund from the unit's Imprest Fund. Payment of reimbursement to the Petty Cash Fund shall be made to the custodian and shall be devoted to reimbursement thereof.
4. The Imprest Fund shall be maintained for the purpose of making disbursements requiring prompt cash outlay including travel expense reimbursements.

As often as necessary, but no less than twice per month, to replenish the Imprest Fund from the unit's established operating appropriation and allotment, the custodian of the Imprest Fund shall submit a schedule of disbursements, accompanied by appropriate vouchers, to PSS/OMF.

Payment shall be made to the custodian of the Imprest Fund and shall be devoted to the reimbursement thereof.

H. Signature and Control on Checks

1. There shall be a limited number of employees who are authorized to sign Imprest checks for each unit. The signature of the Unit Head must appear on all checks issued.
2. Signature cards authorizing the appropriate individuals at each unit (normally the Unit Head), shall be submitted to the financial institution where the bank accounts are maintained. A copy of the signature cards shall be forwarded to PSS/OMF for informational and filing purposes.
3. The authorized signatures for checks drawn on the Facility "Youth Welfare Fund" (YWF) are the DPS&C - Corrections Chief Fiscal Officer and Director of the Offender Banking and Accounts Payable.
4. The authorized signatures for checks drawn on the Youth Banking System (refer to YS Policy No. B.9.3) are the DPS&C - Corrections Chief Fiscal Officer and Director of Offender Banking and Accounts Payable.

I. Quality Assurance

1. Audits shall be routinely performed pursuant to YS Policy No. C.5.3, with copies of the reports submitted to the Undersecretary/designee. Additional periodic audits may also be conducted by PSS/OMF.
2. Each Unit Head shall be responsible for providing a written response to audit findings and developing a "Corrective Action Plan" to correct any noted deficiencies. Written responses shall be forwarded to the Undersecretary/designee.

J. Youth Accounts

All youths' personal funds shall be accounted for using "Generally Accepted Accounting Principles" pursuant to facility "Standard Operating Procedures" (SOPs) and YS Policy No. C.4.2.

VII. STAFF DEVELOPMENT:

- A. Supervisors shall provide necessary training on applicable policies and procedures, and automated systems to employees assigned fiscal responsibilities, prior to performing these duties.

YS Policy No. A.3.8

Page 7

Employees appointed to manage accounting procedures must have a high standard of integrity and competency due to the education, experience and/or training.

- B. Training shall be documented and entered in the “Training Records Entry Completed” (TREC) database by designated unit staff.
- C. Training documentation shall be maintained on file at the unit level.

Previous Regulation/Policy Number: A.3.8

Previous Effective Date: 09/20/2013

Attachments/References:



A.3.8 (a) Bank Reconciliation 09131.xls



A.3.8 (b) Monetary Chain of Custody 0913.doc



A.3.8 (c) Petty Cash Receipt 09131.xls



A.3.8 (d) Petty Cash Verification 0913.doc



A.3.8 (e) Petty Cash Reconciliation 0913.doc