

# **Liberty HealthCare System, Inc.**

## **Finance Overview**

# Topics

- Overview
- Payroll
- Decision Support
- Materials Management
- Accounts Payable
- General Accounting
- Grants
- Budget and Reimbursement

# Overview

- To give you a high level overview of each departments key services.
- Highlight some key operational items that we believe improving understanding will help us to better serve you and support your efforts to monitor your expenses.

# Payroll

- Issues payments to employees based upon the hours worked you approve in Kronos and the payment rates approved by Human Resources either individually or via collective bargaining agreement (“CBA”).
- Employee expense reimbursements are processed by Payroll as non-taxed additions to net pay.
- Kronos reporting capabilities to supplement reports we send out.
- Home Department vs. Department Worked
- Disability/Leave of Absence

# Decision Support

- Compile, Analyze, and Communicate information on our Operations to support Management decisions.
  - Strategic Planning and Budget Support
  - Service Line Performance Analysis
  - Ad-hoc Reporting
  - External data requests
- *TRENDSTAR / HBI*
  - What are they and how can they assist you?

# Materials Management

- Storeroom and LUM Distribution with Par Levels
- Purchasing on behalf of Liberty based on approved policies and procedures.
- Purchase Order Types:
  - Regular and Standing Orders
  - Blanket Orders
  - Capital Orders
  - Bill Only or Check With Order

# Materials Management

- Bidding Requirements for Purchases
  - Less than \$3,000 - One proposal required
  - \$3,000 to \$25,000 – Purchasing must obtain a minimum of two written, competitive bids.
  - \$25,000 or more – Purchasing must request a minimum of three sealed bids.
  - Business will be awarded to suppliers who meet all requirements at the lowest total cost.
  - Awards to vendors that are not the lowest cost must be approved by the President and CEO or CFO.

# Materials Management

- Utilize Horizon Supply Source (HSS) for generating Requisitions.
- New Vendors / Suppliers require completion of New Vendor form, W9 and OIG verification.
- Monitor the status of your Purchase Orders with Buyers and HSS.
- Understand our policies, approval requirements and timelines. Capital, IT, Legal agreements will require additional approvals including Board of Trustees – plan for longer completion time.
- Expenses hit your budget based on the GL code that you assign when creating your HSS Requisitions.
- Accuracy of analytics used to make strategic decisions depends on your coding.



# Purchasing

## Current Approval Levels - Operations

| <u>Title</u>             | <u>Maximum Authorization</u>                                      |
|--------------------------|---|
| <b>Manager</b>           | \$5,000   |
| <b>Director</b>          | \$10,000  |
| <b>VP or Senior VP</b>   | \$50,000  |
| <b>CFO</b>               | \$150,000   |
| <b>President/CEO</b>     | \$150,000 (aggregate to one vendor, regardless of payment method) |
| <b>Board of Trustees</b> | \$150,000 (any one year)<br>\$500,000 (term of contract)          |

# Purchasing

## Current Approval Levels - Capital

| <u>Title</u>      | <u>Authorization Level</u> |
|-------------------|----------------------------|
| CFO               | Up to \$50,000             |
| President/CEO     | \$50,000 and above         |
| Board of Trustees | \$150,000 and above        |

**Capital equipment requires a “Capital Request Form” signed by all required parties and approved by the CFO. Requests for computers and office automation require the approval of the CIO.**

# Materials Management

- We are nearing completion of updating the Item file in the Pathways Materials Management System.
- HSS Templates will be revised for all departments on a scheduled rollout to improve order accuracy and ease of system use starting with Cath Lab and Endoscopy.
- Completion of this project will improve Purchase Order processing efficiency and enhance our data reporting capabilities.

# Accounts Payable

- Issue payments to vendors and independent contractors based upon terms negotiated by Purchasing and Management with proper approvals.
- Standard payment terms are 90 days, <90 day term needs Finance approval.
- You may request a check directly from accounts payable for a very narrow range of items. For most Departments, this will be temporary help and dues/licenses.
- If you wish to do business with a new vendor that is going to be paid via check request, a new vendor form is required. Of particular importance is obtaining the vendors taxpayer identification number (“TIN”) or social security number (if an individual) for Federal and State tax reporting purposes.

# Accounts Payable

- If you have questions on the status of payments to a supplier your working with:
  - Did you prepare a purchase requisition and confirm that it was approved by everyone who had to approve it?
  - If yes, did you check with Purchasing to see if a purchase order was issued? If a blanket order, are you still within your spending limit?
  - If yes, did you sign the invoice belonging to that purchase order and approve it for payment and is the invoice outstanding past the approved terms?
  - Three yes answers – contact accounts payable.
- If this is a vendor paid by you requesting a check, did you prepare the request and confirm that all approvals were obtained? If yes, contact accounts payable.

# Accounts Payable

- Processing advice
  - Instruct vendors to send invoices to accounts payable (you can be copied).
  - Approve invoices timely (1 - 2 days of receipt).
  - Keep copies of what you submit.
- We are working to maximize efficiency in processing invoices - flow among Departments, Purchasing, and Accounts Payable.

# General Accounting

- Responsible for internal and external financial statement reporting.
- Capital expense vs. Operating expense.
- What makes up my monthly non-labor expenses in the accounting system?
  - The item I asked Purchasing to buy is received.
  - The item I requisitioned from the Storeroom is issued.
  - The invoice that has to be released against my blanket purchase order is received (usually a service).
  - The invoice that I will want paid by requesting a check is received.

# General Accounting

- Understand that the timing of vendor payments is not what determines when you incur an expense.
- We are required to record expenses when you receive supplies or receive services (accrual basis accounting), not when we pay for it (cash basis accounting).
- If you incur something unexpected, say something (don't wait until all the paperwork is perfected) – written form please.



# Grants

- We manage the Financial Reporting and compliance for State and County grants of \$13 million dollars annually.
- We are always interested in new grant funding to support our mission but are not eligible for all grant programs as there are very specific requirements.
- A recently developed grant policy and procedure statement includes a form you can use to assess our eligibility for grants you become aware of and what approvals are needed.

# **Budget and Reimbursement**

- Coordinate with our customers to develop and monitor our operating financial plan, as well as monitor performance to those plans.
- We also keep abreast of all reimbursement regulations to make sure we maintain financial compliance and maximize all amounts we are entitled to under the regulations.

# **Budget and Reimbursement**

- Confirm you understand all the assumptions and amounts that make up your budget.
- Is your budgeted expense properly distributed throughout the year?
- Track any exceptions to budget that arise during the year so we can address them as needed in future periods.
- We send out information on FTE's after each payroll.
- Use the monthly revenue and usage reports on HBI to assist you in understanding the impact of volume changes on your expenses.
- Timely entry of charges is critical to understanding our volume and cost of services.