La Crosse Medical Health Science Consortium
Fiscal Policies & Procedures

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Introduction

This document outlines the fiscal policies and procedures followed by the La Crosse Medical Health Science Consortium (LMHSC) and their Fiscal Agent (UWL).

Reference Terms for La Crosse Medical Health Science Consortium:
LMHSC
Board
Employees
Executive Director
Project Manager
Finance Committee
Health Science Center (HSC)

Accounting Procedures

This section covers basic accounting procedures for the organization.

Basis of Accounting

The organization uses the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP). Revenues and expenses are identified with specific periods of time, such as a month or year, and are recorded as incurred. This method of recording revenue and expenses is without regard to date of receipt or payment of cash.

Accounting Standards

The organization's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The presentation of the Financial Statements follow the recommendation of the Financial Accounting Standards Board (FASB) No. 117, "Financial Statements of Not-For-Profit Organizations" and FASB Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): "Presentation of Financial Statements of Not-for-Profit Entities".[1] Under GAAP, revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization are classified as unrestricted and restricted.

[1] https://us.aicpa.org/interestareas/centerforplainenglishaccounting/resources/2016/asu-2016-14

Accounting Entries

Journal entries are prepared monthly or as needed throughout the month by the Fiscal Agent Accountant. Journal entries are reviewed monthly by the Fiscal Agent Controller as part of the preparation of the monthly financial statements.

Bank Reconciliations

U.S. Bank checking account statements and Vanguard money market account statements are downloaded after the end of each month. Both accounts are reconciled by the Fiscal Agent Accountant as part of the monthly preparation of the financial statements. Reconciliations are reviewed by the Fiscal Agent Controller.

Period Close

Each accounting period is closed on the 15th day of the following period after the review of the monthly financial statements with the Executive Director and approval of the Fiscal Agent CFO.

Recordkeeping

Financial records are kept for seven years. Most financial records are saved on a secure shared drive on the UWL network. Older files are kept as paper copies in the basement of Graff Main Hall in a locked room UWL Business Services holds for file storage.

Document Storage

After final approval, the financial statements are filed on the LMHSC shared drive.

Fiscal Policy Development and Review

The Finance Committee develops and recommends financial policies to the Board on an as-needed basis. The Board reviews and approves the financial policy recommendations of the Finance Committee.

The Finance Committee will review the LMHSC's fiscal policies as needed, at a minimum of every 3 years.

Internal Controls

The LMHSC and its Fiscal Agent implement internal controls to ensure that financial transactions are properly authorized, appropriated, executed, and recorded.

Segregation of Duties

The organization's financial responsibilities are distributed among staff to help ensure protection from fraud and error. For example, checks received are logged by the Fiscal Agent's Office Manager to ensure accountability. The Executive Director and the Fiscal Agent Controller review checks written by the LMHSC on a monthly basis.

Physical Security

- Check Stock
  Check stock is stored securely in the Fiscal Agent business office.

- Accounting System Credentials
  The Fiscal Agent Controller manages credentials for the LMHSC accounting system. Credentials are reviewed and updated annually.

- Deposits
  Cash and checks are deposited as received by the Fiscal Agent. Prior to transferring cash and checks to the bank, they are stored securely in the Fiscal Agent vault.

Financial Statements

The Fiscal Agent prepares regular financial reports for the organization on a monthly basis. The Fiscal Agent Accountant is responsible for producing the following reports within 30 days of the end of each month:

1. Balance Sheet
2. Income Statement
3. Statement of Cash Flows.

The Executive Director reviews the monthly financial statements with the Fiscal Agent. The financial statements are then reviewed and approved by the Fiscal Agent CFO. Lastly, the Board reviews and approves the most recent financial statements at each meeting.

Audit

An audit is conducted annually within 90 days of fiscal year close. An accounting firm is selected through an RFP process for a three-year term, which can be renewed for three additional years based on approval from the Finance Committee.

The Executive Director oversees the contracting for audit services, with guidance from the Finance Committee, and oversight from the Board. The Executive Director presents the final audit report to the Board for review. The audit report is made available to other stakeholders upon request.

Tax Compliance

The accounting firm also prepares the Federal Form 990 with assistance from the Fiscal Agent. The draft version of form 990 is made available to the Executive Director and Fiscal Agent to finalize prior to the auditor's submission of the form. This is done in conjunction with the audit preparation and is completed by the November filing deadline.

Pass-through Transactions

The LMHSC occasionally acts as a pass-through entity for projects shared by multiple partner organizations. The Executive Director and Fiscal Agent coordinate these arrangements and they are outlined in a brief written agreement and filed on the LMHSC shared drive.

Conflict of Interest

All LMHSC employees and members of the Board are expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest.

A conflict of interest occurs when the personal, professional, or business interests of an LMHSC employee or member of the Board conflict with the interests of the organization. Both the fact and the appearance of a conflict of interest should be avoided. Members of the Board are expected to submit a conflict-of-interest form by August 31 of each year. The Executive Director gathers, reviews, and retains these forms.

Upon or before hire, election, or appointment each LMHSC employee and Board member must provide a full written disclosure of all direct or indirect financial interests that could potentially result in a conflict of interest. Examples include employer, business, and other nonprofit affiliations, and those of family members or a significant other. This written disclosure will be kept on file and will be updated annually and as needed.

LMHSC employees and members of the Board must disclose any interests in a proposed transaction or decision that may create a conflict of interest. After disclosure, the employee or Board member will not be permitted to participate in the transaction or decision.

Should there be any dispute as to whether a conflict of interest exists:

- The Executive Director will determine whether a conflict of interest exists for an LMHSC employee and determine the appropriate response.
- The Board will determine whether a conflict of interest exists for the Executive Director or a member of the Board and will determine the appropriate action.

Budget Process

The LMHSC annual budget is prepared by the Fiscal Agent Accountant and Executive Director in conjunction with LMHSC employees to reflect programmatic and infrastructure goals for the organization for the coming fiscal year. The Finance Committee reviews the proposed budget and recommends it to the Board for approval prior to the UW System budget deadline. The Board reviews and approves the budget at its last meeting prior to the UWS budget deadline.

The HSC annual budget is prepared by the Fiscal Agent Accountant and Executive Director in conjunction with LMHSC employees, reviewed by the HSC Management Group and recommended to the Finance Committee. The Finance Committee reviews and recommends it to the Board for approval prior to the UW System budget deadline.

Revenues & Accounts Receivable

Invoice Preparation

Invoices for partner contributions, copier usage, and other expenses are prepared by the Fiscal Agent on a monthly basis. Invoices for cell tower electricity usage are prepared quarterly. Partner contribution and rent amounts are determined by the current fiscal year's budget. Copies of invoices are saved to a secure drive with the appropriate backup (previously saved as paper copies). Invoices related to grants are prepared by the Executive Director. An Aging Receivables Report is reviewed by the Executive Director on a monthly basis.

Revenue Recognition

All contributions will be recorded in accordance with GAAP, with specific attention to standards FASB 116 and 117. Contributions are recorded as pledged or received in accordance with FASB 116 and must be

credited to the appropriate revenue lines as presented in the annual budget and coded as designated in the organization's chart of accounts.

The Executive Director notifies the Fiscal Agent of any restrictions on donations received.

Cash Receipts

Cash receipts are recorded weekly as they are received. Checks will arrive in the mail either through the LMHSC and forwarded on or received by the Fiscal Agent. The Fiscal Agent's standard cash handling procedures are followed for all cash and checks received. Parking pay station revenue for temporary parking is collected and deposited by Police Services directly to U.S. Bank if paid via cash or coin. Otherwise, the funds are deposited into the LMHSC checking account via ACH payments. In both these cases, cash receipts are noted, and revenue is recognized during month end preparations.

Deposits

Bank deposits are made on a weekly basis. Deposits are prepared by the Fiscal Agent Accountant and are delivered to the local U.S. Bank branch via police escort. Copies of the deposit slip and all checks deposited are kept by the Fiscal Agent. Bank receipt amounts are matched with the deposit slip and kept with the copy of the deposit slip and check copies.

Procurement, Expenses, & Accounts Payable

Payroll

LMHSC employees are considered employees of the Fiscal Agent. Employee appointments follow all Human Resources policies and internal processes of the Fiscal Agent.

Procurement and Contract Authority

Procurement and contracting will follow best judgment purchase, request for bid (RFB), and request for proposal (RFP) processes as appropriate for budgeted purchases. Procurement and contract authority for the LMHSC is as follows:

Table 1: Procurement Authority

Amount	Purchase Type	Authority
<$5,000	Best judgment	LMHSC Employees
<$25,000	Simplified bid	Executive Director
>$25,000	RFB or RFP	Board

Bids from at least three vendors should be requested for purchases of $5,000 or more, if possible. These bids will be reviewed by the Fiscal Agent with a recommendation made to the Executive Director. The bid award will be approved by the Executive Director and/or Board.

Purchase orders will be issued by the Fiscal Agent for purchases of goods for $5,000 or more where a separate written agreement is not in place. A cross-signed written agreement will be used for the purchase of services.

Independent Contractors

The LMHSC utilizes independent contractors for work outside of the responsibilities of its employees and existing contractual agreements. The Fiscal Agent will work with their Human Resources personnel to review independent contractor relationships to determine if an employer-employee relationship exists.

Invoice Approval & Processing

Invoices and bills will be reviewed by LMHSC employees or the Fiscal Agent. All invoices will be approved by the Executive Director or Project Manager prior to payment and copies of paid invoices will be filed on the LMHSC shared drive.

The Fiscal Agent is responsible for processing checks. Itemized invoices are generally required for payment. A check request form will be required when no invoice is available.

Travel Expense Reimbursements

Eligible travel expenses will include registration, lodging, transportation, meals, and incidentals. Mileage reimbursement will follow the rates established by the Internal Revenue Service.[2] Meal and incidental reimbursement rates will follow those used by UW System and the U.S. General Services Administration.[3]

Registration, lodging, and transportation costs can be paid using the LMHSC credit card. Mileage, meals, and incidentals should be paid with personal funds and submitted as a reimbursement request to the LMHSC Fiscal Agent. The Fiscal Agent will review the request for policy compliance and issue a check to the employee for the reimbursement.

LMHSC employees may request mileage reimbursement for local travel (less than 100 miles round trip). The Executive Director authorizes travel requests for LMHSC employees over 100 miles round trip. The Chair or a delegee of the Board authorizes travel requests for the Executive Director.

Miscellaneous Expense Reimbursement

LMHSC employees are eligible for reimbursement for expenses incurred using personal funds if the expense has a legitimate business purpose and was pre-approved by the appropriate procurement authority. Employees seeking miscellaneous expense reimbursements should follow a similar process to the travel reimbursement process.

Credit Cards

LMHSC employees have access to a credit card for LMHSC purchases. Credit cards cannot be used for personal use. Electronic copies of receipts will be retained for all credit card purchases and submitted to the Fiscal Agent for review and entry into the LMHSC accounting system. The Fiscal Agent will retain credit card documentation on the LMHSC shared drive.

Credit card usage is limited to purchases of less than $5,000. If a fraudulent purchase appears on the credit card statement, the appropriate LMHSC employee will contact the credit card company to dispute the charge.

[2] https://www.irs.gov/tax-professionals/standard-mileage-rates
[3] https://www.gsa.gov/travel/plan-book/per-diem-rates

Asset Management

Cash Management and Investments

Bank accounts are managed by the Fiscal Agent and consist of one checking account with U.S. Bank and one investment account with Vanguard. The funds invested in the Vanguard account are restricted funds. Any transfers to this account, or purchases from the reserves, are approved by the Board.

Capital Equipment

Capitalization Policy

Equipment with a purchase price of $5,000 or more and a useful life of at least two years is recorded as a capital asset. The Fiscal Agent manages the recording and inventory of capital assets in the LMHSC accounting system.

Employee Retirement Accounts

LMHSC employees have the option of participating in the UW 403(b) Supplemental Retirement Program (SRP) through UWL.

Operating Reserves

The LMHSC does not require a minimum reserve. The HSC minimum operating reserve is 10% of the annual budget or $100,000, whichever is larger.

The operating reserve will be funded with surplus unrestricted operating funds. The Board may from time to time direct that a specific source of revenue be set aside for operating reserves.

To use the operating reserves, the Executive Director submits a request to the Finance Committee. The request will include the analysis and determination of the use of funds and plans for replenishment. The organization's goal is to replenish the funds used within twelve months to restore the operating reserve fund to the target amount.

Surplus Disposal

When LMHSC assets are no longer in use or needed, they will be disposed of using the Fiscal Agent's standard surplus processes.

Grant and Contract Administration

Contracts follow the LMHSC process for independent contractors. Contracts with students or staff affiliated with UWL will follow Fiscal Agent payroll procedures.

Expenses may be incurred by LMHSC partners or community partners. These arrangements should be explained in advance in an agreement outlining the terms and limits of expenses (see current funding memos) and be signed by the community organization, which will bill LMHSC by itemized invoice with receipts, and paid by check. Expenses will be recorded in a grant account and used to bill the granting agency.

Internal expenses (LMHSC purchases), including travel, for grants will follow the LMHSC processes above, but the expenses will be recorded in the grant account.

Granting agencies will be billed per funding agreement by the LMHSC and funds applied to grant account.

Reviewed by the LMHSC, June 19, 2026