

Washtenaw County Community Mental Health

Accounts Payable – (policy)

PURPOSE:

To govern the timely payment of financial obligations of Washtenaw County Community Mental Health (WCCMH).

POLICY:

It is the policy of Washtenaw County Community Mental Health 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.

STANDARDS:

- All invoices, lease payments, employee reimbursements 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.
- Generally Accepted Accounting Principles are the basis for all transactions:
 - o **Principle of regularity:** Regularity can be defined as a conformity to enforced rules and laws.
 - o **Principle of consistency:** The consistency principle requires accountants to apply the same methods and procedure from period to period.
 - o **Principle of sincerity:** According to this principle, the accounting unit should reflect in good faith the reality of the company's financial status.
 - o **Principle of permanence of methods:** This principle aims at allowing the coherence and comparison of the financial information published by the company.
 - o **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.
 - o **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*.
 - o **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.
 - o **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 accounted for entirely on the date of the transaction.
 - o **Principle of Full Disclosure/Materiality:** All information and values pertaining to the financial position of a business must be disclosed in the records.

PROCEDURES:

None

EXHIBITS:

None

REFERNCES:

None

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