For-Profit Administration and Financial Management Introduction (AFM)

## Purpose

The for-profit organization ensures accountability through effective administration and management, and sound financial management practices.

## Introduction

The practices set forth in COA Accreditation’s For-Profit Administration and Financial Management (AFM) standards represent the multi-faceted functions of the leadership within a for-profit organization providing human services. The standards guide the organization’s owners, chief executive, and management staff to implement practices that contribute to effective management, and promote accountability to its community and the people it serves.

**Interpretation:** *Some for-profit organizations may not market their services to the public, rather they provide services to individuals and families referred from specific organizations and agencies. In those cases, mention of the “community” or the “public” in the standards can refer to the organization’s referring partners or network of contracted providers.*

**EAP Interpretation:** *In the context of Employee Assistance Program (EAP) services, the community, as used in these standards, is defined more specifically as the host or customer organization, subcontracting organizations, and the covered individuals eligible to receive services from the EAP. It can also be defined by the customer organizations’ workplace demographics.*

**Note:** *The great majority of for-profit organizations providing human services are owned by a single individual or a small group of individuals. In many of these organizations, the owner, or one of the owners, assumes the role of chief executive officer. However, even when the owner or owners assume no administrative responsibilities at all, and hire a chief executive to be responsible for all administrative and management functions, they must be available to be interviewed by the Review Team during the Site Visit.*

**Note:***COA Accreditation’s Administration and Financial Management (AFM) standards apply to for-profit organizations only. COA Accreditation's Financial Management (FIN) and Governance (GOV) standards are not applicable to organizations that are assigned the AFM standards.*

**Note:***Please see the*[*AFM Reference List*](https://socialcurrent.my.salesforce.com/sfc/p/#300000000aAU/a/1T000000Aewl/taKz2EppaKfBXoc.RavuHenctUDg9bFrdLzVoRKrJCQ)*for the research that informed the development of these standards.*

# AFM 1: Purpose

The organization has a written mission or purpose statement that:

1. delineates the scope of services provided;
2. is responsive to the needs and aspirations of the community; and
3. serves as a benchmark of organizational effectiveness.

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| **Self-Study Evidence** | **On-Site Evidence** | **On-Site Activities** |
| * See mission or purpose statement provided during application
 | *No On-Site Evidence* | * Interviews may include:
	1. Owner
	2. CEO or designee
	3. Relevant personnel
* Network interviews may include:
	1. Network providers
 |

# AFM 2: Strategic and Annual Planning

The organization engages in an inclusive, long-term, strategic planning process and annually conducts short-term planning to support its long-term goals and objectives.

**NA***The organization is a network management entity.*

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| **Self-Study Evidence** | **On-Site Evidence** | **On-Site Activities** |
| * Strategic and annual planning procedures
* Strategic plan
* Review of service population demographics
* Assessment of strengths and weaknesses
* Community Demographic Profile
* Annual plans
* Equity statement
 | * Meeting minutes where mission fulfillment and strategic planning were discussed
 | * Interviews may include:
	1. Owner
	2. CEO or designee
	3. Senior management
	4. Relevant personnel
 |

## FP[[1]](#footnote-2)AFM 2.01

The organization engages in a formal, management-directed strategic planning process to envision and set its strategic direction and priorities that includes:

* 1. reviewing its purpose or mission, values, and mandates;
	2. making decisions regarding the proper allocation of resources, including how to fund the strategic planning process itself;
	3. assessing internal strengths and weaknesses;
	4. a review of the external environment and its effect on the organization;
	5. assessing equity, diversity, and inclusion strategies;
	6. realistic, measurable goals and objectives that flow from its purpose and mandated responsibilities; and
	7. appropriate strategies and activities for meeting identified goals, including the need to redirect, eliminate, or expand services to respond to changing community demographics and the needs of persons served.

**Interpretation**: *COA Accreditation acknowledges that long-term strategic planning timelines may vary based on several factors including organization size, populations served, and the organization’s specific goals; however, the recommended timeframe for strategic planning is between 2-5 years.*

**Interpretation:***In regard to element (g), for organizations that do not provide services to the general public, such as EAPs, demographic information should be representative of its customer base.*

**Examples:** *To enhance its assessment, organizations can draw upon the findings of other external needs assessments, such as those conducted by the United Way, municipal planning boards, universities, or other organizations with a community-wide focus.*

**Examples:** *Organizations may utilize a SWOT analysis as a tool to determine the organization’s strengths, weaknesses, opportunities, and threats, considering both internal and external factors.*

## AFM 2.02

The organization involves staff at all levels of the organization in an inclusive and organization-wide strategic planning process by:

1. providing a variety of opportunities for staff to participate in the development or review of a strategic plan, as appropriate to their role and availability;
2. ensuring the strategic plan is clearly communicated to all staff;
3. ensuring staff understand the organization’s priorities and how their role contributes to the organization’s purpose and strategic plan; and
4. providing additional training and support as needed.

**Examples:** *In regard to element (b), the organization can provide opportunities for staff involvement by: (1) conducting staff interviews or focus groups, (2) soliciting feedback through surveys, and (3) forming diverse strategic planning groups including both members of management and direct service staff.*

## FPAFM 2.03

The organization develops and implements an annual plan that:

1. supports its mission or purpose;
2. integrates the priorities and objectives of each of its departments and programs;
3. operationalizes the goals and objectives of the strategic plan;
4. reflects organizational responses to changing conditions and needs such as resource allocation, funding, and regulatory changes; and
5. responds to information from PQI activities.

Related Standards:

* [TS 1.01](https://www.social-current.org/standard/ts/1/01)
* HR 1
* HR 3.01
* PQI 3.03
* RPM 4.01

**Examples:***Annual plans can also incorporate other regular planning processes, including: (1) HR planning, (2) evaluation of training needs, (3) budget planning, (4) technology and information management planning, and (5) PQI summary reports.*

## AFM 2.04

The organization develops an equity statement outlining its commitment to equity, diversity, and inclusion (EDI) that is shared internally and externally.

**Interpretation:***The equity statement should reflect the organization’s history, connect EDI to its mission, and outline how the organization demonstrates its commitment to EDI.*

# AFM 3: Community Involvement and Advocacy

The organization:

1. informs its community of its purpose;
2. remains informed about community needs and strengths; and
3. advocates for comprehensive and coordinated service delivery within its community.

**Interpretation:** *The standards in*[*AFM 3*](https://www.social-current.org/standard/afm/3/)*describe a variety of activities related to the organization’s role within the community, including: outreach and education, participation in community-wide advocacy efforts, and advocacy on behalf of service recipients who need help navigating the system. Given the broad range of activities outlined in* [*AFM 3,*](https://www.social-current.org/standard/afm/2/)*activities conducted by the organization are the responsibility of the owner, CEO, advisory group, management, direct service personnel, and/or other personnel, as appropriate to the activity and their role.*

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| **Self-Study Evidence** | **On-Site Evidence** | **On-Site Activities** |
| * Community Demographic Profile
* See Website URL and links to social media sites provided during application
* See Governing Body data, when applicable, provided during application
 | * Copies of PSAs, newspaper articles, other print media, or communication methods used within the past 12 months
* Documentation of participation in community advocacy efforts
* Documentation of efforts to obtain community input on organization policies and programs (e.g. community surveys, minutes of stakeholder advisory group meetings, etc.)
 | * Interviews may include:
	1. Organizational leadership
	2. CEO
	3. Relevant personnel
	4. Community partners
	5. Persons served
	6. Advisory group
 |

## AFM 3.01

The organization provides its community with clear, timely, and accurate information about the organization’s purpose, programs, activities, and populations served.

## AFM 3.02

The organization conducts ongoing community outreach and education to:

1. provide information about the strengths, needs, and challenges of the individuals, families, and groups it serves; and
2. build community support and presence and maintain effective partnerships.

**NA***The organization is a network management entity in which all points of contact with the network are made through network providers.*

**Examples:***Examples of public outreach and education activities may include:*

1. *regular communication with the media and the general public;*
2. *informing the public of the positive impact agency programs are having on the community and its residents;*
3. *fostering positive relationships with the local media; and*
4. *maintaining an accurate and well-organized public website.*

## AFM 3.03

The organization collaborates with community members and persons served to advocate for issues of mutual concern consistent with the organization’s purpose, such as:

1. improvements to existing services;
2. filling gaps in service to offer a full array of community supports;
3. the full and appropriate implementation of applicable laws and regulations regarding issues concerning the service population;
4. improved supports and accommodations for individuals with special needs or marginalized communities;
5. solutions to community-specific needs including racial equity and cultural and linguistic diversity;
6. service coordination; and
7. a coordinated community response to public health emergencies.

**Examples:** *The organization can work at several levels to advocate with, and on behalf of, persons, groups, and families served. For example, direct service personnel can be given the time to carry out advocacy activities so they can support persons and families served to solve problems related to their individual cases. Advisory board members, management, and other personnel, along with persons served, can engage in legislative and other system-wide advocacy activities. They may also work collaboratively with other community organizations to monitor federal, state, and/or local activity that impacts the service population.*

## FPAFM 3.04

The organization establishes mechanisms to evaluate how current and future policies and programming impact the community and the populations served, and it:

1. seeks input from representatives of relevant community groups, consumers, service providers, advocates, and others with an interest in the success of the organization achieving its purpose; and
2. gathers and considers feedback about services, outcomes, the perception of the organization within the community, and other information that would help the organization better serve its defined population and the community.

**Interpretation:** *Organizations that utilize advisory groups for this purpose should:*

1. *establish clear and transparent recruitment and selection guidelines;*
2. *have reasonable expectations about what the group can accomplish within the parameters of its purpose and available resources; and*
3. *respond to the group's input, feedback, or recommendations.*

# AFM 4: Administrative Oversight

Organizational leadership manages the organization in the achievement of its purpose by establishing and reviewing policies and ensuring adequate resources.

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| **Self-Study Evidence** | **On-Site Evidence** | **On-Site Activities** |
| * Chart indicating who is responsible for the following:
	1. Adopting and updating organizational policy
	2. Strategic and annual planning
	3. Budget planning and approving the annual budget
	4. Reviewing monthly/quarterly financial reports
	5. Selecting the auditor and acting on management letter recommendations
	6. Financial management
	7. Risk management
	8. Human resource management
* Description of the role of the owner(s) in day-to-day operations
 | * Policy manual
* For organizations with a governing body, a list of board or governing body members with title, affiliation, and a brief biography
* For organizations with a governing body, documentation delineating how the board functions, including roles and responsibilities (e.g., by-laws, board manual, etc)
 | * Interviews may include:
	1. Owner
	2. CEO or designee
	3. Departmental leadership
 |

## AFM 4.01

The organization's leadership

1. establishes policies; and
2. reviews policies periodically and when legal requirements or regulations change.

**Related Standards:** RPM 1

## AFM 4.02

Resource development responsibilities of organizational leadership include:

1. establishing targets and goals; and
2. ensuring adequate resources to support the organization’s services.

## AFM 4.03

The organization’s owner or designee annually assesses overall risk to the organization, including the organization's continuing ability to pursue strategic goals.

**Interpretation:** *Organization staff may be responsible for assessing different areas of risk throughout the year and sending the results of the assessments to the owner or designee to inform the annual review of overall risks.*

**Examples:** *Areas of potential risk can include, but are not limited to:*

1. *compliance with legal requirements;*
2. *disruption of operations due to a public health emergency;*
3. *technology and information management;*
4. *insurance and liability;*
5. *health and safety of administrative and service environments;*
6. *human resources practices, including use of independent contractors and volunteers;*
7. *contracting practices and compliance;*
8. *client rights and confidentiality issues;*
9. *financial risks;*
10. *public relations, branding, and reputation; and*
11. *conflicts of interest.*

*Financial risk assessment involves the identification of factors or conditions related to funding and financial health that may pose a threat to the achievement of an organization’s objectives and purpose including, for example, the effectiveness and efficiency of financial operations and the reliability of financial reporting. Areas of known financial risk include:*

1. *fraud and misuse of funds;*
2. *investments;*
3. *tax liabilities;*
4. *physical assets and financial information;*
5. *fundraising practices;*
6. *funding of benefits, including health retirement benefits, pensions, etc.; and*
7. *deferred revenue.*

**Related Standards:** HR 2, HR 3, HR 4, HR 5, HR 6, HR 7

# AFM 5: Conflict of Interest

The organization prevents the enrichment of insiders and other abuses by identifying potential conflicts of interest within the organization and properly managing these risks.

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| **Self-Study Evidence** | **On-Site Evidence** | **On-Site Activities** |
| * Conflict of interest policy
* Nepotism policy
* Ethical referral policy
* Policy prohibiting preferential treatment
* Network policy prohibiting steering and creaming of persons served
 | * Meeting minutes documenting discussions of potential and apparent conflicts of interest from the previous 12 months
* Sample of network information illustrating ownership disclosure language
 | * Interviews may include:
1. Owner
2. CEO
3. Advisory group, if applicable
4. CFO
5. Relevant personnel
6. Persons served
7. Community members
* Network interviews may include:
	1. Network advisory group, if applicable
	2. Directors of organizations that contract with the managing entity
	3. Network personnel involved in assessments and referral
 |

## AFM 5.01

The organization prevents and manages potential and apparent conflicts of interest by:

1. establishing a conflict of interest policy;
2. training individuals covered by the policy on proper disclosure of information;
3. thoroughly reviewing disclosures in a fair, timely manner and communicating recommendations for next steps as appropriate; and
4. documenting all disclosures using an organized, confidential system.

**Interpretation:** *In regard to element (b), training may differ depending on the individual’s role and supervisory responsibility within the organization.*

## FPAFM 5.02

The conflict of interest policy is informed by a risk assessment, tailored to the organization’s specific needs and characteristics, and includes:

1. the organization’s definition of a conflict of interest;
2. which groups of individuals within the organization are covered by the policy;
3. how the policy is enforced; and

## a framework for evaluating situations that may constitute a conflict.

## FPAFM 5.03

The conflict of interest policy requires organizational leadership, board members, advisory group members, personnel, and consultants who have a conflict of interest as defined by the policy to:

1. disclose this information; and
2. not participate in any discussion or vote taken concerning such interests.

## AFM 5.04

The organization has a written policy on nepotism regarding hiring, supervision, and promotion and ensures that relatives working within the organization:

1. are appropriately qualified for the position;
2. do not work within the same hierarchy of supervision as one another; and
3. are not unfairly considered for positions, promotions, or contracts.

**Interpretation:** *In regard to element (b), organizations in which members of the executive leadership team are related can show implementation of this standard by demonstrating that the board or another neutral party assumes management responsibilities to avoid the direct supervision of a relative.*

## AFM 5.05

The organization prohibits:

1. making or accepting payment or other consideration in exchange for referrals;
2. preferential treatment of organization members, community partners, board members, advisory groups, personnel, or consultants applying for and receiving the organization’s services; and
3. steering or directing referrals to private practices in which personnel, consultants, or the immediate families of personnel and consultants are engaged.

**Interpretation:***It is permissible to include on referral lists personnel and consultants with private practices, or family members of personnel and consultants, but the organization may not actively direct service recipients to the practices of these individuals and must clarify in writing the relationship between the private practitioners and the organization.*

## AFM 5.06

The network prohibits unfairly steering or directing referrals to, or "creaming" persons served for, specific network service provider organizations, such as network owners, or individual practitioners within the network.

**NA***The organization is not a network management entity and is not assigned the Network Administration (NET) standards.*

## AFM 5.07

When the network management entity, organizations with an ownership interest in the network, or members of the network management entity's board of directors provide direct services to network service recipients, the network management entity discloses all ownership, partnership, or governance arrangements in all written material describing the network.

**Network Interpretation:** *In partner networks, which typically consist of a group of organizations that have joined together to form a new, separately incorporated network entity, the partner organizations often have a direct financial stake in the network, as well as a direct role in the network's governance, decision-making, and outcomes. In such cases partner organizations can be considered the network's "owners." A network can use a simple statement such as "The XYZ Network is a partnership of provider organizations in Clark County" on letterhead or other written material, as long as the network makes more detailed written information, such as a list of all "owners" available upon request.*

**NA***The organization is not a network management entity and is not assigned the Network Administration (NET) standards.*

# AFM 6: Protection of Reporters of Suspected Misconduct

The organization prohibits employment-related retaliation against employees, and others affiliated with the organization, who come forward with information about suspected misconduct or questionable practices, and provides an appropriate, confidential channel for reporting such information.

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| **Self-Study Evidence** | **On-Site Evidence** | **On-Site Activities** |
| * Policy protecting reporters of suspected misconduct
* Procedures for reporting suspected misconduct
 | * Documentation of any grievances/incidents related to retaliation
 | * Interviews may include:
	1. CEO
	2. HR director
	3. Relevant personnel
 |

# AFM 7: Internal Control Environment

The organization establishes an internal control environment that promotes ethical financial management and includes mechanisms for:

1. conducting ongoing monitoring of the effectiveness of internal control policies and procedures;
2. management review by more than one individual;
3. assuring that management directives are carried out;
4. prevention of error, mismanagement, or fraud;
5. safeguarding and verification of assets; and
6. segregation of duties to the extent possible.

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| **Self-Study Evidence** | **On-Site Evidence** | **On-Site Activities** |
| * Internal financial control manual that includes policies and procedures
 | *No On-Site Evidence* | * Interviews may include:
	1. Owner
	2. CEO
	3. CFO
 |

# AFM 8: Revenue and Investments

The organization works towards its future success through the active pursuit of revenue and proper management of funds and investments.

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| **Self-Study Evidence** | **On-Site Evidence** | **On-Site Activities** |
| * Fund management procedures
* Investment policy
* Results of most recent investment review
* List of revenue sources with percentage of each to total budget
* Fundraising procedures, if applicable

  | *No On-Site Evidence* | * Interviews may include:

a. Ownerb. CEOc. CFO |

## AFM 8.01

The organization closely monitors and analyzes revenue sources to ensure stable and predictable revenue consistent with the organization’s purpose and programs.

**Interpretation:** *Organizations meet the intent of the standard if they can demonstrate that they are actively pursuing stable and predictable sources of revenue, even if they have not yet achieved that goal.*

## AFM 8.02

The organization has procedures to ensure proper management of funds and assets that:

1. outline acceptable levels of risk;
2. include a policy for maintaining cash reserves; and
3. address the management, purchase, or sale of real estate, securities, and other assets.

Related Standards: [RPM 1](https://www.social-current.org/standard/rpm/1)

## AFM 8.03

The organization independently, or in collaboration with an external financial manager, establishes and reviews an investment policy statement that:

1. identifies purpose and scope, including what assets the policy applies to and the roles and responsibilities of relevant staff members and/or external financial managers;
2. defines a risk management structure and the parties responsible for monitoring and reporting on investment performance;
3. includes investing objectives and constraints;
4. describes an asset allocation plan;
5. sets benchmarks, including defining success and establishing the investment’s performance measurements; and
6. outlines the process for reviewing and updating the policy annually.

**Examples:** *In regard to element (b), objectives and constraints can include: (1) return objectives, (2) risk tolerance, (3) time horizons or how long the assets will be invested, (4) any relevant tax implications or impacts, (5) liquidity or cash flow needs, (6) legal or regulatory requirements, and (7) any unique circumstances that should be considered.*

**NA** *The organization does not make long-term investments such as stock, bonds, or mutual funds.*

## AFM 8.04

Organizations that accept donated funds from the general public conduct activities in an ethical, fiscally-responsible manner and:

1. disclose the organization's for-profit status and inform the giver that their donation is not tax exempt; and
2. have procedures to ensure that donated funds are properly documented and managed, and any applicable tax implications are considered.

**Interpretation:***This standard is applicable to organizations that solicit or receive money from private individuals, including but not limited to, capital campaigns and contribution plans. This section is not applicable to money raised from private or public grants and contracts.*

**Examples:** *Organizations can reconcile fundraising practices with prevailing ethical practices of national bodies, such as the Association of Fundraising Professionals.***NA***The organization does not accept donated funds through solicitations or general funding events.*

Related Standard: RPM 1

# AFM 9: Financial Planning

Planning for the current fiscal cycle is data-driven, organization-wide, and involves interested parties.

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| **Self-Study Evidence** | **On-Site Evidence** | **On-Site Activities** |
| * Budget planning procedures
* Annual Budget
* Sample of monthly analysis of financial performance
* Operating reserves policy
 | * Meeting minutes reflecting budget planning and review of financial reports for the previous 12 months
 | * Interviews may include:
	1. Governing body
	2. CEO
	3. CFO
 |

## FPAFM 9.01

The annual planning and budget cycle includes participation of management and other relevant interest-holders and is based on:

1. the organization's mission and strategic priorities;
2. performance improvement and outcomes data;
3. direct and indirect operating expenditures;
4. contractual requirements;
5. changing costs and conditions; and
6. anticipated revenue for the program year.

**Note:***See*[*AFM 2.03*](https://www.social-current.org/standard/afm/2/03)*for more information on annual planning and how budget and annual planning cycles can support the agency’s mission and strategic priorities.*

**Examples:** *Performance improvement and outcomes data in this context refers to the use of program and individual outcomes data in planning and budgeting decisions. Such data may be used, for example, to direct available resources toward programs or interventions that have the strongest impact on individuals and families served.*

## FPAFM 9.02

Financial information is routinely analyzed and the information includes:

1. a monthly and annual analysis of financial performance against budget projection with budget-to-actual variance analyses performed on interim financial statements of activities;
2. cash reserves in alignment with an operating reserves policy;
3. service revenues and actual service delivery costs; and
4. an annual inventory of significant assets, including securities.

# AFM 10: Financial Accountability

The organization is accountable for the management and performance of its finances to interested parties and applicable regulatory bodies.

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| **Self-Study Evidence** | **On-Site Evidence** | **On-Site Activities** |
| * Written certification by owner and financial officers
 | * Most recent audit or review and the accompanying management letter
 | * Interviews may include:
	1. Owner
	2. CEO
	3. CFO
 |

## FPAFM 10.01

The organization receives an audit or review of its financial statements that is conducted within 180 days of the end of each fiscal year by an independent, certified public accountant.

**Examples:***There are three levels of financial statement services offered by CPAs: audits, reviews, and compilations, each of which should be conducted by an independent CPA.

An audit provides the highest level of assurance on an organization’s financial statements. An audit provides assurance that an organization’s financial statements are free of material misstatement and are fairly presented based upon the application of generally accepted accounting principles. An audit includes:*

1. *confirmation with outside parties;*
2. *testing selected transactions by examining supporting documents;*
3. *completing physical inspections and observations; and*
4. *considering and evaluating the internal control system of the organization.*

*A review of financial statements provides limited assurance on an organization’s financial statements. During a review, inquiries and analytical procedures present a reasonable basis for expressing limited assurance that no material modifications to the financial statements are necessary and that they are in conformity with generally accepted accounting principles. Following a review engagement, the CPA will issue a formal report that includes a conclusion as to whether, based on the review, the CPA is aware of any material modifications that should be made to the financial statements to bring them in accordance with the applicable financial reporting framework.

A compilation provides no assurance on an organization’s financial statements and does not meet the requirements of the standard.*

## AFM 10.02

The owner and financial officers:

1. ensure that financial statements are accurate and fairly represent the financial condition and operations of the organization; and
2. thoroughly review findings and recommendations for improvements that were identified during the audit and take appropriate action, if applicable.

# AFM 11: Financial Management

Positive financial outcomes are achieved through a financial management system that receives, disburses, and accounts for funds consistent with sound financial practices.

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| **Self-Study Evidence** | **On-Site Evidence** | **On-Site Activities** |
| * Financial management and accounting procedures
* Job description of the person responsible for managing financial accounts
* Resume of the person responsible for managing financial accounts
* Procedures regarding protection of client funds and assets
* Network procedures for verifying accuracy of services billed
* Network procedures regarding provider appeal of payment denials
* Network procedures for informing providers of a possible delay in payment
 | * Documentation tracking staff completion of training on the accounting system
 | * Interviews may include:
	1. Owner
	2. CEO
	3. CFO
	4. Relevant personnel
* Observe reporting and accounting system
* Network interviews may include:
	1. Directors of subcontracted organizations
 |

## FPAFM 11.01

Accounting records are kept up-to-date and balanced on a monthly basis, as demonstrated by:

1. timely reconciliation of bank statements and subsidiary records to the general ledger;
2. up-to-date posting of cash receipts and disbursements;
3. monthly updating of the general ledger; and
4. review of the bank reconciliation by a person other than the person who performs the reconciliation and who is not authorized to sign checks.

**Interpretation:** *Subsidiary records include, but are not limited to: accounts receivable, accounts payable, and fixed assets.*

## AFM 11.02

The organization uses the accrual method of accounting, at least at the end of the year.

## AFM 11.03

Oversight and management of the organization’s accounting system require:

1. a financial officer or business manager to maintain the financial accounts who has prior accounting and bookkeeping experience, or an accounting degree, C.P.A. credential, or other recognized accounting/financial certification, as appropriate to the size and complexity of the organization; and
2. all personnel who use the system to receive initial and ongoing training on its use.

## FPAFM 11.04

An organization that assumes fiduciary responsibility for, or disburses client funds:

1. segregates client funds from other organization funds; and
2. protects client assets.

**Interpretation:** *Organizations should manage client funds in accordance with applicable rules and regulations. This may include for example:*

1. *daily deposits of client funds;*
2. *credit balances on accounts;*
3. *uncashed checks;*
4. *funds left in client deposit accounts; and*
5. *trust account reconciliation.*

**Interpretation:***Fiduciary responsibility refers to an individual’s or organization’s responsibility to act in good faith on behalf of another person. The fiduciary is legally or ethically trusted to make decisions in the best interest of the person and may not use their role to benefit themselves. Examples of fiduciary relationships include those of a guardian and ward or representative payee and beneficiary.*

**NA***The organization does not assume fiduciary responsibility for or disburse client or non-fee-for-service funds to service recipients.*

**Examples:** *Examples of the types of funds that organizations may assume responsibility for or disburse to clients include:*

1. *allowances for children and youth in out-of-home care;*
2. *funds under the control of the organization in guardianship cases; and*
3. *social security or SSI benefits when the organization serves as representative payee.*

**Related Standards**: [RPM 1](https://www.social-current.org/standard/rpm/1)

## FPAFM 11.05

The network management entity:

1. has a process for verifying the accuracy of network services billed by subcontracting service providers; and
2. maintains a formal mechanism through which subcontracting providers can appeal payment denials and that includes timely written notification of the resolution and an explanation of any further appeal, rights, or recourse.

**NA***The organization is not a network management entity and is not assigned the Network Administration (NET) standards.*

**NA***The network management entity does not manage contracts.*

## AFM 11.06

Contracted providers are informed in a timely manner if delays in payment to the network management entity by the purchaser may result in delays in payment to providers.

**NA***The organization is not a network management entity and is not assigned the Network Administration (NET) standards.*

**NA***The network management entity does not manage contracts.*

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1. Standards with an FP designation are fundamental practice standards.  These standards prioritize client rights, health and safety, or organizational effectiveness and must be implemented in order to achieve accreditation. [↑](#footnote-ref-2)