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|  | The Johns Hopkins Health System Policy & Procedure | Policy Number | FIN037 |
| | | Effective Date | 01-01-08 |
| | <i>Subject</i> ACCOUNTS PAYABLE CHECK ISSUANCE AND OVERPAYMENTS | Page | 1 of 3 |
| | | Supersedes | 10-01-06 |

Revisions noted by vertical bar in right margin

POLICY

This policy applies to The Johns Hopkins Health System Corp. (JHHS) and the following affiliated entities: The Johns Hopkins Hospital (JHH), Johns Hopkins Bayview Medical Center (JHBMC), Howard County General Hospital (HCGH), Johns Hopkins Community Physicians (JHCP), Johns Hopkins Medical Services Corporation (JHMSC), Johns Hopkins Medicine International (JHMI), Ophthalmology Associates (OA), Johns Hopkins Employer Health Programs (EHP), Johns Hopkins Medical Management Corporation (JHMMC), Priority Partners (PP), Johns Hopkins Pharmaquip, Inc. (JHPQ), Johns Hopkins Home Health Services, Inc. (JHHHS), Johns Hopkins Pediatrics Home, Inc. (JHPAHI), Johns Hopkins HealthCare (JHHC), Johns Hopkins Home Care Group (JHHCG), Suburban Health Center (SHC), Broadway Acquisition and Development, and HCGH OB/GYN Associates Series, LLC (HCGH OBGYN).

Purpose

The purpose of this policy is to establish proper procedures for the issuance of payments in the Accounts Payable process and the correction of related overpayments, in order to protect and conserve the financial assets of JHHS and its affiliates.

All payments by check or EFT for goods and services procured for the use of JHHS and its affiliates should be structured to ensure that:

- No unauthorized payments are made
- Complete and accurate records are made and appropriately retained for each payment.
- All payments are recorded in the appropriate accounting period.
- Physical access to unissued checks is restricted to authorized personnel.


All remittances should be prepared after a determination that the transaction is valid and in accordance with all applicable corporate Finance and Accounts Payable Shared Services policies and procedures, including corporate signature authority policies. Scheduled check runs will be initiated by Accounts Payable Shared Services.

Accounts Payable Shared Services will make every effort to detect and rectify overpayments to vendors in a timely manner. Each department has the ultimate responsibility to ensure that they do not authorize duplicate payments or overpayments. All corrections of overpayments will adhere to Accounts Payable procedures.

REFERENCE

JHHS Finance Policies and Procedures Manual

- Policy No. FIN003 - Signature Authority: General Policy
- Policy No. FIN004 - Signature Authority: Requisitions and Check Requests for Non-Capital Goods and Services
- Policy No. FIN005 - Signature Authority: Minor Capital Requisitions
- Policy No. FIN006 - Signature Authority: Major Capital Requisitions
- Policy No. FIN007 - Management Delegation of Signature Authority
- Policy No. FIN008 - Signature Authority: Purchase Orders and Agreements Supported By Purchase Orders
- Policy No. FIN009 - Signature Authority and Procedures for Obtaining Consulting Services
- Policy No. FIN010 - Signature Authority: Insurance Policies
- Policy No. FIN011 - Signature Authority: Agreements Not Supported By Purchase Order

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- Policy No. FIN012 - Signature Authority: Bank Accounts
- Policy No. FIN015 - Signature Authority: Malpractice & General Liability Litigation or Claim Settlements
- Policy No. FIN017 - Signature Authority: Patient Accounts
- Policy No. FIN023 - Check Requests

RESPONSIBILITIES

- | | |
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| Management of Accounts Payable Shared Services | Initiate daily disbursement run and verify pending invoices to payment proposal prior to issuance. Review older invoices for prior processing. Rectify any identified overpayments within ninety (90) days, either through voiding of original check or issuance of credit in accounts payable system. Initiate unscheduled check run upon approval and notification by Controller or Director of General Accounting. Secure blank remittance stock in locked area. |
| Affiliate CFO (or designee) | Approve and authorize issuance of checks. |
| Treasurer's Office (JHH, JHHS) or Finance Department (JHBMC) | Maintain cash disbursement funding utilizing the system produced check registers. |

SPONSOR

Vice President of Finance/Chief Financial Officer and Treasurer, JHHS

REVIEW CYCLE

Three (3) years


APPROVAL

President, JHHS

Date

PROCEDURES

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| 1. Manager or Supervisor, Accounts Payable Shared Services | a. Initiate daily check run according to schedule determined by Accounts Payable. b. Ensure validity of all invoices to be paid. c. Review invoices dated more than sixty days before check run. d. Notify Treasury of disbursement totals. |
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|  JOHNS HOPKINS MEDICINE <hr/> JOHNS HOPKINS HEALTH SYSTEM | The Johns Hopkins Health System Policy & Procedure | <i>Policy Number</i> | FIN037 |
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- e. Mail/distribute checks and remittance advices daily.
 - f. Correct overpayments within ninety (90) days, either through voiding of original checks or issuance of credit adjustment in SAP.
 - g. Initiate unscheduled check run upon authorization from Controller or Director of Accounting.
2. Affiliate Chief Financial Officer (or designee)
- a. Approve and authorize issuance of emergency checks when normal accounts payable check issuance procedure would jeopardize interests of JHHS and its affiliates.
 - b. Sign manual checks, in accordance with signature authorities approved by the Board of Trustees.