MNsure Policy #07.1

FISCAL POLICY

Financial Planning, Budgeting, Financial Reporting and Asset Protection

1) BACKGROUND AND INTRODUCTION

MNsure is a state board established by the Minnesota Insurance Marketplace Act (the "Act.") The Board of Directors of MNsure (the "Board") is responsible for providing diligent oversight to ensure that the organization's financial condition is sound, that it has sufficient resources to accomplish its Purpose, and that it can effectively carry out its responsibilities as defined in the Act, and in its Charter and Bylaws. The Board is committed to ensuring that the Executive Director and other MNsure staff engage in sound financial planning and financial management processes.

2) POLICY

- **a)** The Executive Director is responsible for financial planning that supports the Board's strategic priorities, prevents financial jeopardy to the organization, and is based upon a multi-year plan.
- **b)** The Executive Director will cause annual budgets to be prepared to guide the organization's operations. The annual budget, which shall be based upon the State Fiscal Year, must be approved by the Board.
- **c)** The Chief Financial Officer will cause financial reports to be produced that provide accurate information to the Executive Director and the Board about the financial performance of MNsure.
- **d)** The Executive Director will ensure that MNsure's assets are protected, adequately maintained, and not unnecessarily exposed to risk.

3) PROCEDURE

a) Financial Planning.

i) Three-year Plan. The executive Director and the Chief Financial Officer must develop a three-year financial plan that:

(1) is based on critically evaluated assumptions that are provided to the Board along with an operations plan;

(2) provides for the resources required to operate the organization;

(3) contains projected income statements and balance sheets that define performance on planned initiatives and business operations.

ii) Board Approval. The multi-year plan must be submitted to the Board for approval.

b) **Budgeting**. The Executive Director and Chief Financial Officer must submit to the Board each year in October, an annual budget that:
   i) contains a credible projection of revenues and expenses for the coming year, forecasted by month;
   ii) contains sufficient detail to understand the relationship of the budget to the operations plan;
   iii) separately delineates capital expenditures from operational (expense) items;
   iv) contains monthly cash flow projections for the coming year; and
   v) discloses the material assumptions upon which the budget is based.

c) **Financial Reporting**
   i) **Monthly Reports**. On a monthly basis, beginning in October, 2013, the Executive Director and the Chief Financial Officer will cause to be prepared regular cash basis financial reports, consisting of the following:
      (1) Statement of Financial Position;
      (2) Statement of Activity/Income Statement;
      (3) Actual monthly and year-to-date Financial Performance vs. Budget;
      (4) Updated Cash Flow Projection.
      (5) Accounts Receivable and Payable reports
   ii) **Quarterly Reports**. The Executive Director and the Chief Financial Officer will present quarterly cash basis financial reports to the Board at each regular quarterly Board meeting, together with a narrative report that:
      (1) Summarizes the organization's current financial position;
      (2) Includes explanations for budget variations;
      (3) Discusses the status of any cash-flow borrowings;
      (4) Reports on the status of accounts receivable; and
      (5) Reports on any significant changes in financial position.

d) **Asset Protection**
   i) The Executive Director will ensure that MNsure maintains an written inventory of all physical assets and supplies, and updates the same periodically through a physical inventory;
   ii) The Executive Director will ensure that MNsure's assets and operations are secure and protected from theft, casualty and liability losses to the same extent as comparable agencies;
   iii) The Executive Director will cause MNsure to protect its intellectual property, information and files from loss, significant damage or inappropriate access;

iv) The Executive Director will not authorize the sale or other disposition of MNsure's capital assets or intellectual property valued in excess of $100,000 without prior Board approval.

BOARD CHAIR APPROVAL

Date 10/15/14 Signature Brian K Beaudoin