

# Financial Management Reviews for HRSA RHC Grant Recipients

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# RHC Grants **Management**

- Payment Management System – Are you drawing down your funds?
  - Make sure the money is flowing to you.
- Have you tracked how you spent your funds?
- Are you submitting your FFR Reports?
- Review your Notice of Award!!!



# What is a Financial Management Review?

- Virtual Review
- Review of Policies and Procedures
- Respond to Emails and HRSA Correspondence
- This is an active process. Respond to HRSA's requests and revisions as appropriate.



# Cash Management

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- **POLICY:** It is the policy of \_\_\_\_\_ to draw down Federal award funds in a manner that minimizes the time elapsing between the transfer of the Federal award funds from HRSA and the disbursement of these funds. It is also the policy of \_\_\_\_\_ to assure that Cash Management and Drawdown Procedures are in accordance with the Code of Federal Regulations – 45 CFR 75.302 (b) (6) and 75.305.
- **PROCEDURE:**
- RHC will drawdown Federal award funds based on actual expenses.
- Salaries:
  - Employees allocated to the grant will clock in/out under the appropriate department in the electronic time tracking system.
  - Actual salary expense is pulled from the payroll system for the employees allocated to the grant.
- Direct Costs:
  - Vendor invoices will be used for any direct allowable costs.
- Once the salary and direct costs are compiled, the RHC Manager will review the expenditures to ensure all expenses are allowable. Only actual allowable and direct costs that are allocated to the grant will be submitted for payment. No funds will be requested to cover future expenditures.
- The RHC Manager will request the drawdown from the Payment Management System. The timing of the drawdown will correspond in relation to the actual immediate cash requirements of the project.
- All funds requested by the Health Center will be for reimbursement of actual expense already paid. Drawdowns will be requested at month-end but may be adjusted to coincide with actual bi-weekly pay periods.

# Accounting System



- **POLICY:**

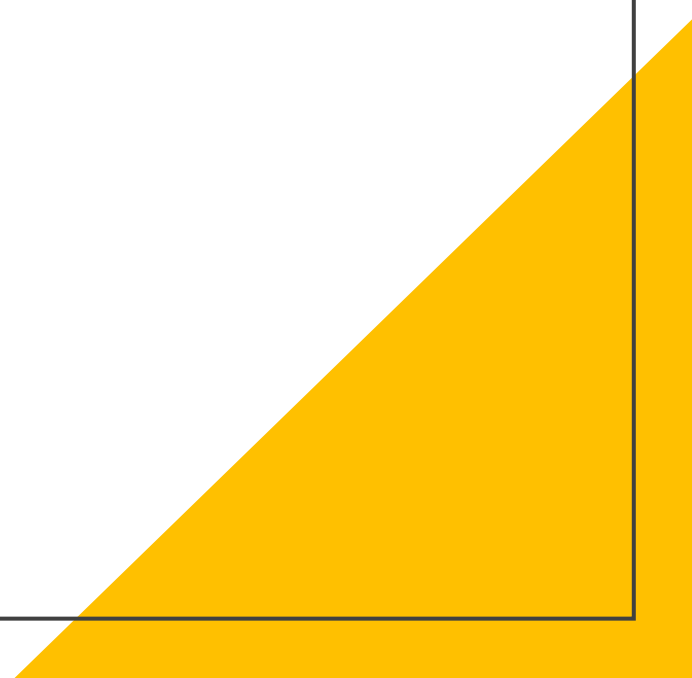
- It is the policy of \_\_\_\_\_ to establish accounting standards and practices to accurately record all Federal awards in accordance with the Code of Federal Regulations – 45 CFR 75.302.

- **PROCEDURE:**

- RHC utilizes a financial management and internal control system that reflects Generally Accepted Accounting Principles (GAAP). RHC uses \_\_\_\_\_ accounting software for accounting functions, including Federal award management.
- A schedule of Federal awards will be maintained. The schedule will include the Federal award name, CFDA title and number, Federal award identification number and year, name of the HHS awarding agency, and name of the pass-through entity, if needed.
- Revenues and expenditures of each federal award will be reported separately by award number.
- The accounting system will maintain records for each federal award. At month-end, RHC will generate a report, specifically by each Federal award.
- The staff accountant/contract CPA firm is responsible for the record keeping of all grant activities. The accountant will maintain all source documentation to support receipts, disbursements, authorizations, obligations, unobligated balances, assets, expenditures, and income and interest.
- The RHC Manager will review all grant activities to ensure that funding has been used for the sole purpose of the award. Financial records will be presented to the \_\_\_\_\_ for review.



# Disbursements/Procurement

- Must address conflict of interest
  - Oversight and monitoring
  - Segregation of duties
  - Checks and balances
  - Consultants and contractors
  - Dictate procurement process
    - Amount, number of bids, record retention, etc.
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# Procurement

- Factors to consider
  - Price – reasonableness; allocability, and allowability
  - Quality
  - Availability
  - Qualifications/Recommendations
  - Other factors, as appropriate
  - Code of Federal Regulations - 45 CFR §75.327 and 45 CFR §75.335.

# Timekeeping



- **POLICY:** It is the policy of \_\_\_\_\_ to establish timekeeping procedures to ensure compliance with Federal award funds in accordance with the Code of Federal Regulations – 45 CFR 75.303 and 75.430.
- **PROCEDURE:** To maintain accurate time and effort records, RHC has implemented the following procedure for any employee that has time allocated to a Federal award.
- Employee will track actual hours within the electronic time keeping software. All hours will be actual hours worked and not based on budget estimates.
- Non-Exempt and Exempt employees will record start and end times in the time tracking software. The records total hours worked. For example, an employee works 8 total hours – 2 hours on Federal award activities and 6 hours on non-Federal award activities. The employee will document the total time worked, and then separate the hours for Federal and non-Federal time. The time and effort will be documented after-the-fact. At no time should an employee estimate hours prior to completing those hours.
- At the end of each bi-weekly pay period, the employee will certify the time accurate, and the hours attributed to the Federal award funds accurate.
- The CEO will compare the allocated hours to the Federal award budget. If the health center is receiving simultaneous Federal awards, the CEO will ensure that no employee hours are being attributed to more than one grant – no “double dipping”.
- If an employee leaves during a grant period and a new employee is assigned to fulfill the grant, the CEO will ensure that the new employee is fulfilling the terms and conditions of the award.



# Allowability of Costs

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- **Must comply with all Legislative Mandates**
- **PROCEDURE:**
- RHC will incorporate all Legislative Mandates that limit the use of funds on HRSA grants and any cooperative agreements.
  - Funds will not be used for a salary in excess of Executive Level II.
  - Funds will not be used to advocate or promote gun control.
  - Funds will not be used for anti-lobbying activities.
  - RHC will acknowledge Federal funding when issuing statement, press releases, bids, or other documents. Acknowledgement will include the percentage of total costs that are financed with Federal funds, the dollar amount of Federal funds for the project, and the percent and dollar amount that is financed by non-governmental sources.
  - Funds will not be used for abortions or human embryo research. RHC does not offer perform these services.
  - Funds will not be used to promote the legalization of Schedule I controlled substances.

# Allowability of Costs

- Must comply with all Legislative Mandates
- RHC has a secure computer network that does not allow any pornography access.
- Funds will not be used to support the ACORN association.
- Funds will not be used to purchase sterile needles and syringes for illegal drug use.
- RHC will not engage with any entity that prohibits or restricts employees from lawfully reporting waste, fraud, or abuse.
- RHC will annually review the HRSA Legislative Mandates and update its policies and procedures as appropriate.



# Policies

- If you adopt the policies, you MUST follow them.
- Make sure that administration, necessary board members, clinic leadership, etc. are aware of the adopted policies.
- Add them to your RHC Policy Manual.
- Make sure your accountant knows these policies.





# Financial Management Review

Grant recipients awarded less than \$150,000 will need to reply by email to DFI, self-certifying that they have adequate policies and procedures relating to the five Management Control Areas.

Grant recipients awarded more than \$150,000 will need to provide your Cash Management and Accounting System policies and procedures, and attest that your policies and procedures adequately address Disbursements/Procurement, Timekeeping, and Allowability of Costs.

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# Financial Management Review

- Grant recipients with a current single audit or a recent FMR completed have met the review requirement. HRSA will not request information for a limited FMR from these organizations. As a reminder, federal regulations at [45 CFR 75.501](#) require grant recipients awarded over \$750,000 to complete an audit meeting federal standards.
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# Instructions from FMR Email

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An email from DFI staff with your grant number and instructions to either self-certify compliance or send a copy of your policies and procedures.



You only need to submit the policies and procedures document that DFI staff request. **They will not ask for financial information or account numbers.**



Emails will come from DFI team members with HRSA.gov email addresses.



The DFI team will review your information and let you know if your policies and procedures meet HRSA requirements or if you need to revise them.



If you need to make revisions, the DFI team will give you feedback and work with you to develop or revise your organization's existing policies and procedures to incorporate the necessary requirements.





# Contact me anytime

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- Elizabeth Morgan Burrows, JD
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  - Burrowsconsulting.net

## Additional Resources

- [rhcvoxconfidence@hrsa.gov](mailto:rhcvoxconfidence@hrsa.gov)
- [rhcvoxconfidence@NOSORH.org](mailto:rhcvoxconfidence@NOSORH.org)



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