




NATIONAL ASSOCIATION OF
Community Health Centers

FISCAL REPORTS AND FIDUCIARY RESPONSIBILITIES

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Section 330 requires that the health center has a governing body which:

- is composed of individuals, a majority of whom are being served by the center and who, as a group, represent the individuals being served by the center
- meets at least once a month
- schedules the services to be provided by the center
- schedules the hours during which services will be provided
- approves the center's grant application and annual budget
- approves the selection of the director for the center and,
- except in the case of public entities, establishes general policy for the center.



Governing Board Handbook (Administrative Publication)

U.S. Department of Health and Human Services
Health Resources and Services Administration
Bureau of Primary Health Care
Bethesda, Maryland

2000

Order online at:

<http://ask.hrsa.gov/detail.cfm?PubID=PC00030>



Governing Board Responsibilities - Fiscal Management

- The governing board is responsible for the efficient, effective, and financially sound operation of the health center. Policies for the fiscal management should be established to provide for the safe administration of funds and the accurate recording of financial activity.



Institution of Long-Range Financial Planning:

- All organizations should have a long-range (average is 5 years) financial planning process.



Establishment of Center Financial Priorities:

- Annually the board should discuss the center's financial priorities for the year. This should be done prior to preparing the next year's budget. Center staff should be utilized to help identify needs or the changing environment.



Determination of Eligibility for Services

- Criteria should be established for partial payment schedules.



Review and Approval of the Center's Annual Budget:

- The board should review the budget to determine that resources have been allocated appropriately to achieve the program priorities established by the board.



Things to Consider When Reviewing the Budget:

- Current year's expected results
- Changes in funding amounts
- Changes in expenses



Internal Controls

- The board must establish internal control policies that assure that the assets of the organization are safe-guarded.



Billing and Collections

- The board should establish a billing and collection system.



Purchasing Policies and Standards:

- The board should establish purchasing policies and standards for the organization.



Auditor Selection

- Procuring the services
- Engagement letter



Effective Monitoring and Evaluation

- Reviewing internal financial statements at the monthly board meetings.
- Reviewing the annual audit.



Annual Audit

- Under current regulations, if a center is receiving over \$500,000 in federal support, they are required to obtain an audit in accordance with “OMB Circular A-133 -Audits of Institutions of Higher Education and Other Non-Profit Institutions”.



Circular A-133 Audits:

- Are much more extensive than an audit prepared only in accordance with Generally Accepted Auditing Standards (GAAS).
- The audit is also done in accordance with Generally Accepted Government Auditing Standards (GAGAS).



The A-133 Audit Consists of the Following Parts:

- The financial review
- Internal control review
- Compliance review



A-133 Reporting Package:

- Financial Statements and Schedule of Expenditures of Federal awards
- Auditor's report
- Summary Schedule of Prior Audit Findings
- Corrective Action Plan



Auditor's Report Must Include:

- Opinion or disclaimer on the financial statements
- Report on internal control related to the financial statements and major programs
- Report on compliance with laws, regulations, and the provisions of contract or grant agreements, noncompliance with which could have a material effect on the financial statements
- Schedule of findings and questioned costs



Summary Schedule of Prior Audit Findings

- Shall report the status of all audit findings included in the prior “Schedule of Findings and Questioned Costs” and the “Summary Schedule of Prior Audit Findings” unless they were listed as corrected or no longer valid.



Corrective Action Plan

- At the end of the audit, the auditee shall prepare a corrective action plan to address each of the audit findings included in the audit report.



What is the IRS looking for?

- Form 990
- Form 990T



Additional Resources

- Visit www.nachc.com under publications
 - “Governance Series Bulletins”
 - “Health Center Boards – Models for Good Governance” video and workbook

Make sure we have a unique e-mail address for you to ensure you receive up to date tools and information!



NATIONAL ASSOCIATION OF
Community Health Centers

America's Voice for Community Health Care

The NACHC Mission

To promote the provision of high quality, comprehensive and affordable health care that is coordinated, culturally and linguistically competent, and community directed for all medically underserved people.