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**Springfield Community Health Center**

**Grants Cost and Management Policy**

**Date Last Updated: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Board Approved: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. **CHC Grant Expenditures: Policy**

## The organization is committed to ensuring that the CHC grant expenditures are made and administered in a manner consistent with the terms and conditions in the CHC grant and the standards required by the U.S. Department of Health and Human Services found at 45 CFR Part 75 (HHS adoption of Uniform Grant Guidance found at 2 CFR 230). Revisions to Uniform Grant Guidance are automatically included in the CHC’s policy.

1. **Accountability**

The following Health Center staff are responsible for ensuring compliance with and overseeing the following aspects of this board approved policy:

* Chief Financial Officer

1. **CHC Grant Expenditures: Procedures**

## This policy applies to the expenditures incurred for and within the scope of the Section 330 (CHC) grant. It will include a description of the nature of expenditures, the documentation to support the expenditures and the timing of requests for cash draws for these expenditures.

* 1. **Nature of Expenditures**

Expenditures selected for the CHC grant will be based solely on the direct in-scope activities of the program. Scope is defined by the locations and services approved by the Bureau of Primary Care as being under the Section 330 grant program. In accordance with the Health Center Compliance Manual the determination of expected expenditures will occur during the budgeting process. The documentation maintained for each federal grant payment will account for the receipt, obligation and expenditure of funds and be matched back to the 330 budget. The documentation will include the following whether the draw is in advance or as reimbursement to the Organization for expenditures that have already been incurred:

1. Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure.
2. Invoices are approved and agreed to the CHC grant budget by the appropriate program director and reviewed by the Fiscal Officer during the monthly reconciliation process.

If the Organization chooses to apply indirect costs to the program (e.g. costs including goods, services or wages that have applicability to in-scope and out-of-scope services), then the Organization will establish a separate policy and procedures within the Organization’s overall cost allocation plan.

* 1. **Documentation**

Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization and matched to the CHC grant budget. The distribution of salaries and wages to awards must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Reports reflecting the distribution of activity of each employee will be maintained for all staff members, professional and non-professional, whose compensation is treated as direct or indirect costs. These reports (or grant draw down invoices) will document in detail the expenses being charged to the grant and will be reconciled to the grant draw. Direct costs include those costs that are incurred specifically for one award or non-Federal function. The Organization identifies and charges these costs exclusively to each award or program. Equipment purchased for exclusive use on a federal award and reimbursed by a federal agency shall be accounted for as a direct cost of that award.

1. The reports will reflect an after-the fact determination of the actual activity of each employee.
2. Each report will account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
3. The reports will be prepared at least monthly and will coincide with one or more pay periods
4. If there is an allocation of an individual’s salary and the basis is not supported by time and effort reporting, then additional procedures will be developed that provide a methodology that has sound internal controls and is consistent with the Uniform Grant Guidance requirements.
   1. **Documentation Personal Services – According to Uniform Grant Guidance**

Documentation of personal services will be maintained consistent with 2 CFR 75.430 (HHS adoption of Uniform Grant Guidance) Section I. Consistent with the Federal requirements our supporting documentation for salaries and wages will meet the following criteria:

1. Must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
2. Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity; not exceeding 100% of compensated activities
3. Comply with established organization policies and procedures
4. Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award
5. Budget estimates alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes if they are a reasonable approximation, significant deviations are identified and corrected timely, and the internal control process review after-the-fact interim charges and make the necessary adjustments for accuracy.
6. In accordance with DOL regulations, charges for the salaries & wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hour worked each day.
   1. **Salary Limits**

Additionally, in regards to salaries and wages, the organization adheres to The Consolidated Appropriations Act, 2012 (P.L. 112-74) that the limits the salary amount that may be awarded and charged to HRSA grants.  The center does not charge base salary (exclusive of fringe benefits) over the $197,300 (Executive Level II rate effective January 5, 2020) cap for any executive or administrative personnel to any HRSA grant.  The policy limit will automatically be increased as permitted by Federal Regulations.  The center applies this same limitation to all sub-awards/subcontracts under HRSA grants.  The website below will be used annually to update the salary cap in this policy.

<https://grants.nih.gov/grants/policy/salcap_summary.htm>

The salary cap will be applied based on the proportional period that each payroll represents to prevent inadvertently exceeding the prorated annual salary cap.  See the following examples:

1. Monthly pay periods = limited to $16,441.67 per monthly pay period
2. Bi-monthly pay periods = limited to $8,220.83 per bi-monthly pay period
3. Bi-weekly pay periods = limited to $7,588.46 per bi-weekly pay period
   1. **Timing**

The timing of grant draws will be consistent with the organization’s cash management policy. As the intent of the organization is to expend CHC grant funds on salaries that are specifically identified, consistent with the budget, and included in the scope of project of the 330 grant, the draw down will be as close as administratively feasible to the payroll paid date. Our expectation is that unless there is an issue requiring an earlier draw date (e.g. holiday, emergency, etc. and not poor planning) that funds will be drawn down electronically 2 days prior to the disbursement date of payroll. One day to allow for the electronic funds transfer to be received on the day prior to disbursement. If funds will be drawn down sooner (no approval required for later draws) then it will be approved by POSITION. If non-salary items are expended for the CHC grant then a similar time line will be followed.

As the CHC grant is awarded for a 12 month period of time and is intended to support services over the entire grant period, the organization’s expected best practice will be to identify and document a proportional amount of CHC grant expenditures each month. So for a full 12 month grant the expectation would be that approximately 1/12th of the grant funds would be expended and drawn down each month. If there is to be any significant variance from this best practice due to extenuating circumstances, then the reason should be documented and the reason and draw are to be approved by POSITION or expense line item.

* 1. **Budget to Actual**

On a monthly basis, CHC will prepare a reconciliation of grants to ensure project / grant terms are being met. Expenditures will be compared with budgeted amounts for each award reported upon grant application, if applicable, to ensure that the expenditures are within the amount awarded and the grant period specified. When annualized expenditures exceed the annual budgeted amount, CCHC will take the appropriate measures to ensure that they are in compliance with the program requirements (for example, re-budgeting). For HRSA supplemental funding, this would include consideration for any carryover requests and ensuring funds are not drawn until the carryover is approved. Documentation supporting awards and their respective terms will be maintained.