

The NACHC Mission

America's Voice for Community Health Care

The National Association of Community Health Centers (NACHC) was founded in 1971 to promote efficient, high quality, comprehensive health care that is accessible, culturally and linguistically competent, community directed, and patient centered for all.

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Disclaimer

- >These materials have been prepared by Feldesman Tucker Leifer Fidell LLP and BKD LLP. The opinions expressed in these materials are solely their views and not necessarily the views of the National Association of Community Health Centers.
- ➤The materials are being issued with the understanding that the authors are not engaged in rendering legal or other professional services. If expert assistance is required, the services of a competent professional with knowledge of your specific circumstances should be sought.



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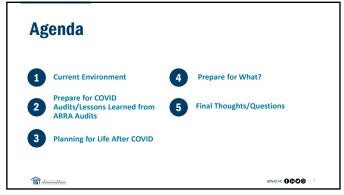
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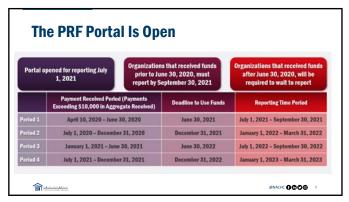
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PRF Expenses

How does a Reporting Entity determine whether an expense is eligible for reimbursement through the Provider Relief Fund? (Modified 7/1/2021)

To be considered an allowable expense under the Provider Relief Fund, the expense must be used to to be considered an allowable expense under the Provider Relief Fund, the expense must be used to prevent, prepare for, and respond to coronavirus. Provider Relief Fund payments may also be used for lost revenues attributable to the coronavirus...Reporting Entities are not required to submit that documentation when reporting. Providers are required to maintain supporting documentation which demonstrates that costs were obligated/incurred during the period of ovaliability. The burden of proof is on the Reporting Entity to ensure that adequate documentation is maintained.

- COVID Related Expenses
 - Direct costs
 - Incremental Costs
 - Not reimbursed by other sources



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Lost Revenue

>Revenue calculation:

· Lost revenue by quarter

- · Not just in reporting portal but in the actual calculation
- Not required to net with "other assistance received"
- >If no lost revenue in a given quarter
 - · Required to still report info but
 - Amount of lost revenue used in the calculation is zero for that quarter
 - NOT required to net revenue gains
- Controls around quarterly close important



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PRF Reporting Portal

- > Prepare, review, and approve submission Determine what this process will look like for your organization
 - Always remember, the burden of proof to support submission is on the provider document, document.

 > Financial Statement Reporting (GAAP / Single Audit Considerations)

 - Expenses vs. Lost Revenues
 - схрензеs vs. Lost Revenues
 Prepare your audit file now data relied on, justification / logic, conclusion
 Prepare support now while information fresh.. Better than justifications in a
 - Should my organization submit the report in portal if complete?



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UGG Documentation?

- ➤ What parts of the UGG Uniform Grants Guidance Apply to this funding?
 - ➤ Subpart F: Audit Requirements
 - ➤ Compliance Supplement will have rules auditors follow to audit ➤ Financial Management 45 CFR 75.302

 - ➤ Internal Controls 45 CFR 75.303
 - ➤ Document Retention 45 CFR 75.361 75.365
 - > Retain documents through retention period 3 years for Federal Funding
- Lessons from past OIG audits...
 - ${\blacktriangleright}\ {\tt Pandemic}\ {\tt Response}\ {\tt Accountability}\ {\tt Committee}..$



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Provider Relief Fund FAQ's...

Must Federally Qualified Health Centers (FQHCs) and FQHC Look-Alikes fully draw down COVID-19 supplemental grant awards before using Provider Relief Fund payments for eligible expenses and lost revenues attributable to coronavirus? (Added 7/1/2021)

Grant funds awarded to FOHCs and FOHC Look-Alikes for costs for expenses or losses that are potentially eligible for payments under the Provider Relief Fund would need to be utilized until fully drawn down before Provider Relief Fund payments could be used during the applicable period of availability. The Provider Relief Fund requires that funds not be used to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. If FOHCs or FOHC Lookalikes have incurred expenses or losses attributable to coronavirus that these grant awards do not cover, they may use Provider Relief Fund payments towards those expenses or losses.

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PRFs - Single Audit Considerations

- First time PRFs will be on SEFA for FYE June 30, 2021
- ➤ "In-relation-to" financial statements will be off due to different measurement periods
- ➤ Compliance supplement released August 2021!!!!

June 30, 2021 -December 30, 2021

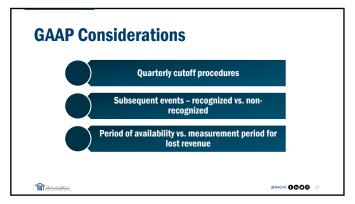
June 30, 2022 & Beyond

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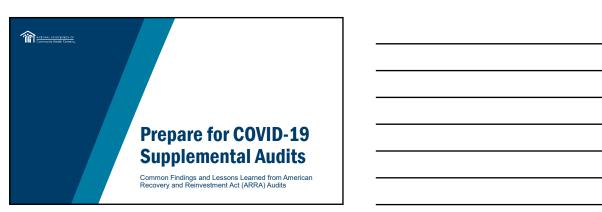
Speaking of the 2021 Compliance Supplement OMB Finally Fixed Provider Relief Fund (93.498) Section & See This: B. Allowable Costs/Cost Principles While 45 CFR 75 Subpart E – Cost Principles do not apply to the PRF, charges to the PRF must be necessary, reasonable, accorded consistent treatment, and conform to the limitations and exclusions of the terms and conditions of the award. The PRF Frequently Asked Questions referenced under Availability of Other Information above provides additional guidance and examples (https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/faqs/index.html). Find Compliance Supplement(s) here: https://www.whitehouse.gov/omb/office-federal-financial-management/

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THE SECTION AND DESCRIPTION



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High Risk Elements -COVID - 19 Funding

- <u>Double dipping</u> Allocating an expense to more than one funding stream
- Inadequate records to support to support administrative requirements related to grant funding..
- Programmatic performance reporting related to funding...
- Future audits of COVID-19 Funding
 - · HHS Office of Inspector General
 - HRSA Division of Financial Integrity Financial Statement Audits

 - 2021 Compliance Supplement finally released on August 12, 2021

Lessons Learned from the ARRA Audits:

- ➤ Policies and Procedures essential to
- consistency

 Applications and Budgets advance
- Approximation and outgets advantage agreement on what comes next

 Reporting Protocols keeping track of where you got numbers and why

 Allowable Costs T&E and Fair Allocations are Highest Risk

 Grant Administration Inventory,

- Drawdowns, Closeout

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Lesson Learned from ARRA: Supplement Rules (No Double-Dipping)

This means that a grantee may not reduce state, local, or other non-federal funds because federal funds are available (or expected to be available) to fund that same activity.

The statutory language is often: "any Federal funds received under X grant shall be used to supplement, not supplant, non-federal funds that would otherwise be available for X grant activities."

Not all grants include this requirement.

Applicants or award recipients may be required to demonstrate and document that a reduction in non-federal resources occurred for reasons other than the receipt of expected receipt of federal funds.

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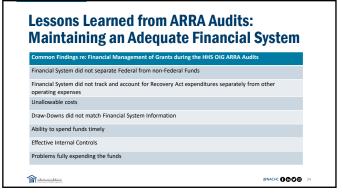


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Federal Audits have started: Select Document Requests from OIG 1. A detailed list of expenditures claimed for each COVID-19 supplemental grant, including a summary by showing total amount charged to each of these grants: H8C, H8D, and H8E Note: > H8C refers to the grants provided as a result of the \$100 million allocated under the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 > H8D refers to the grants provided as a result of the \$1.32 billion allocated under the Coronavirus Ald, Relief, and Economic Security (CARES) Act > H8E refers to the grants provided as a result of the \$5.84 million allocated under the Paycheck Protection Program and Health Care Enhancement Act (PPPHCEA)

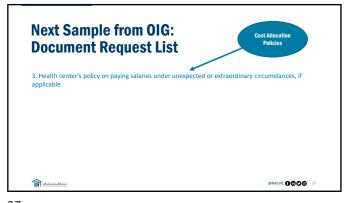
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Requirement: Tracking/ Select Document Requests from OIG 8. Please provide a schedule of all purchases that were allocated to COVID-19 supplemental grants, including a brief description of use. For each purchase, please provide all relevant copies of supporting documents such as purchase order invoice, and proof of payment (i.e. cancelled check, bank statement showing payment amount or other documents that clearly show a payment was made for said purchase and the payment date). Also, if applicable please provide the following: 1. Bidding documents 2. A copy of the fully executed contact with detailed terms and conditions 3. For tangible items costing more than \$5,000 or more, please provide a photograph of the item in service.



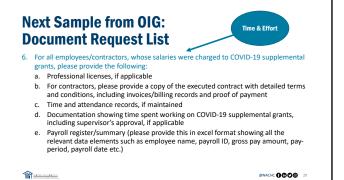






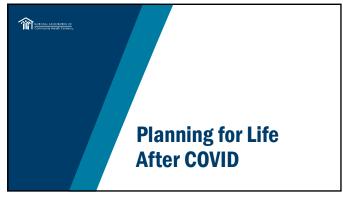
Lessons Learned from ARRA Audits: Policies & Procedures "Policies and procedures did not adequately describe the processes, authorizations, records and other internal controls required to maintain effective control and accountability for all grant cash, real and personal property, other assets and to adequately safeguard all such property and assure that it was used solely for authorized purposes." Sample of Inadequate Policies and Procedures found during the HHS OIG ARRA Audits related to: Maintaining Federal funds in insured accounts Protecting whistleblowers Accounting for property Federal Deposit Insurance Corporation (FDIC) deposit limits Equipment inventory records Federal grant reporting

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Lessons Learned from ARRA Audits: Time & Effort Personnel related findings: Overstatements the number of jobs created Improperly charging payroll costs based on estimates Indequate time and effort and labor distribution systems Lack of other types of required personnel documentation Activity related findings: Draw-downs not matching financial system information Indequate segregation of Recovery Act funds in the accounting system Failure to fully comply with quarterly Recovery Act reporting requirements



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Planning for the Future

► In times of crisis, thinking only about surviving the day can cause a loss of focus on strategically thinking about the future

➤ Now is the time to start thinking life after COVID

- Stimulus funding didn't fix operational problems, provider productivity,
- revenue cycle breakdowns, non-sustainable sites, etc.

 Many have made the statement "We are fine now" and have not made substantive changes merely the existence of cash changes the mindset
- Stimulus dollars will eventually be gone



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What Can be Done?

- ➤ Using funds to strengthen grants management programs
- ➤ Adding bench strength to the finance department
 ➤ Updating IT & data capabilities

- Chief Information Officer?
- Cybersecurity upgrade
- Updating systems where needed

 $\succ \textit{Cost analysis, revenue cycle improvements, provider compensation review, etc.}\\$



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Prepare for What > Upstream competition > Wal-Mart, Walgreens, etc. dynamic > Aging population (having a Medicare strategy) > Are you prepared for increased demand? > Do you have adequate facilities? > Do you have enough providers? > Value-based reimbursement

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