

This training is designed for those who have some knowledge and context of the Community Health Center program and the financial complexities that are a daily reality. Typically someone should have a minimum of 6 - 12 months experience in order to get the most out of the training, but all are welcome. The more experienced attendees will be challenged to reconsider current processes and the internal controls / segregation of duties in place at their health center and critically analyze all financial areas to determine where there might be opportunities for improvement.

This training will address the components of a health center financial program with detailed discussions regarding internal controls, segregation of duties, managing aspects of significant financial areas, grants management and financial statement processes that should be in place to help the organization prepare for its internal and external reporting requirements. We will address these items in a practical, detailed manner by working through questions and case studies to help paint a “360 degree” picture of the roles and responsibilities of health center financial staff.

This document is intended to provide a rough estimate of the time allocation for each section and a summary of the sort of information covered in each section.

## DAY ONE

### Opening Session: Staffing and Structure of a Finance Department – (1.5 hours)

We will discuss staffing considerations and models of a CHC finance department as problems in these areas can pose serious threats to an organization’s ability to safeguard assets and ensure accurate reporting of financial information thus threatening the financial viability of the organization. The responsibilities of the finance department and CFO are also discussed at length and job descriptions will be provided for the various positions in a finance department. The concepts of internal controls and segregation of duties will be introduced to be expanded upon in the second session.

### Second Section: Introduction to Internal Controls and Segregation of Duties – (1.5 hour)

The recently issued Uniform Grants Guidance “Super Circular” placed significant emphasis on internal control programs required to be in place within organizations that receive federal funding. There are five components to a well-structured internal control program and we will define and discuss these components as well as industry best practices. Every Health Center is different and a “one size fits all” approach does not exist. Internal control programs should be tailored to address the unique risks and challenges faced by each organization. We will review several case studies involving fraud at Community Health Centers and discuss controls that could have been in place to prevent the fraudulent activity.

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## MODELING A SUCCESSFUL FINANCE DEPARTMENT

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### Third Session: Financial Systems and Compliance – (1.5 hours)

Health Centers rely on financial systems to support reporting that is needed to communicate financial information to management, the board of directors, and third parties that have a stake in the success of the organization. It is impossible to determine the financial health of the organization and meet other regulatory and reporting requirements without this vital information. Financial system setup is critical to developing this reporting. During this session, we will discuss the pros and cons regarding general ledger programs used most frequently by community health centers. We will provide an example chart of accounts that generally meets the internal and external reporting requirements of a community health center. We will discuss considerations of when to consider transitioning to a new general ledger software package. Additionally, we will discuss the necessary organization and oversight needed over health center processes to ensure timely and accurate reporting to the users of financial information.

### Fourth Session: Managing Cash and Accounts Receivable – (1.5 hours)

No Money = No mission. This session will begin with a discussion regarding cash flows and common myths in CHC's regarding the generation of profits, financial reserves, and other cash considerations. We will discuss the importance of budgeting and projecting cash flows and review models that allow an organization to pinpoint potential disruptions to an organization's cash. We will also discuss strategies to help avoid these situations. Additionally, we will discuss at length the management of the revenue cycle from a financial perspective including key performance measures and dashboard information that can be assessed to judge the performance of the billing department and indicate possible areas for improvement. A model for calculating contractual and bad debt allowances will be provided to bring this discussion full circle. Internal control discussions will be incorporated into both the cash and accounts receivable discussions along with examples of internal control questionnaires that an organization can use to self assess the strength of the controls related to these processes.

### Fifth Session: Accounts Payable and Other Liabilities – (1 hour)

Health Centers are required to have procurement policies and supporting operating procedures surrounding these activities. This discussion will focus on developing procurement procedures and strategies to maintain compliance with federal regulations while stretching health center dollars through cost saving efforts. We will also discuss different accounting considerations for some of the more complicated transactions that a health center might undertake. Consistent with the previous sections, we will discuss community health center fraud relating to the accounts payable cycle and identify internal controls to help minimize the risk of fraud and the inaccurate reporting of expenses. A self-assessment tool will be provided so that each Health Center can assess its current control environment surrounding the disbursement of cash and identify potential areas of weakness.

## DAY TWO

### Sixth Session: Counting the Cost of Free Money & Accounting for Grants / Contributions – (2 hours)

There is no such thing as free money. Financial staff are frequently forced into the position of being the CF "NO" of the organization. This happens because there is often a lack of understanding related to the amount of

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time, effort, and resources (money) that will be spent on meeting program requirements or other restrictions related to the opportunity. In this section we discuss factors to consider before accepting a grant or contribution to include required resources, funding restrictions, policies / procedures surrounding grant acceptance, and how to help decision makers understand better the costs and pitfalls of the opportunity in a non “accountant-esque” manner. We will also discuss how to properly account for both grants and contributions and reinforce the concepts by working through several different scenarios regarding the proper accounting for these transactions. Example policies will be provided relating to cash management and costs of grant and contribution activities.

## Seventh Session: Asset Management – (1 hour)

This discussion incorporates compliance with federal regulations into the processes and procedures that should be established surrounding health center management of fixed assets, investments, and debt instruments. We will discuss practical recording keeping solutions and potential control considerations surrounding these activities.

## Eighth Session: Payroll – (1 hour)

Salary and wage expenses are typically 60 to 70% of a CHC’s budget. This discussion will focus on the incorporation of practical guidance on record keeping and required documentation to support compliance with federal regulations. Additionally, we will discuss segregation of duties and internal controls that should be established at a community health center in regards to the payroll cycle. These controls will help to minimize the risk of fraud and abuse in this important aspect of health center operations.

## Ninth Session: Reporting Financial Information – (1.5 hours)

Financial statements communicate information to internal and external users. It is important to remember that these users need the same information, but presented in different ways. During this session, we will work to bring together the “360 degree” picture of the previously discussed topics and provide examples of best practices regarding financial reporting. We will provide checklists for financial statement generation, example financial statements and dashboards that meet internal and federal reporting requirements, and also a template for providing a written discussion of information to be provided to the board. We will touch upon best practices related to reporting financial information to non-financially savvy board members. We will also discuss current HRSA Site Visit recommendations regarding financial reporting. There will be an example case study to be worked through that will generate discussion regarding all aspects of financial statements and supporting reconciliation documentation. We will also work to demystify key performance indicators and perform and discuss these calculations as part of the case study.

## Tenth Session: Grants Management Overview – (1 hour)

This session will address several components of health center financial operations focusing on budgeting for the 330 grant, annual reporting (audits under the uniform grants guidance, cost reports, Uniform Data System, Federal Financial Reports), grants management (brief overview discussing procurement, time and effort reporting, and cost principles) and the “Financial” focused KR’s of the 19 Key Health Center Program Requirements.

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Eleventh Session: 340B Compliance Matters – (1 hour)

The 340B Drug Pricing Program is administered by the Office of Pharmacy Affairs (OPA) and requires drug manufacturers to provide front-end discounts on covered outpatient drugs purchased by covered entities. In this section we will discuss the new Omnibus Guidance (Mega Guidance), the 7 Key Compliance Areas and independent and self-audits.

Reconciliation examples:

Reconciliation templates of accounts that are most commonly used by community health centers will be provided in an excel format. We will review the most important and material reconciliations as part of discussion of each topic presented above.

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