

# **FOCUS on Grants Management (Practically Speaking)**

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# Agenda



Accounting for PPP Funds



Single audit and cost report extensions



Blocking and tackling...



Other Hot Topics



Grants management overview



Questions??

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# Accounting for PPP


- Paycheck Protection Program (PPP) loans should be reflected as a liability on your balance sheet until repaid or legally released by the financial institution
- This will likely result in the reporting of expenses in a different accounting period or even fiscal year in some circumstances than the revenues that will result from loan forgiveness
- This can be explained in the footnotes of the financial statements
- Communication to audit and finance committees will be very important to help them understand



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# Blocking and Tackling

It is easy to forget the basics  
when you are in the middle of  
a crisis



Internal controls  
are still important

Bill and collect  
for all services  
that you provide

Complete monthly  
financials on time to  
keep the Board of  
Directors informed

Productivity

Frequent  
communication  
to enhance  
teamwork

Strategic Planning  
and mission focus

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@jkensinger25

# BONUS

Free cookie recipes if you follow Jeff Allen on Twitter!!!

Fun Fact - May 15<sup>th</sup> is National Chocolate Chip Day - (in the US)!

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# Let's discuss your grants strategy..

1

- Analyze funding streams and restrictions (**subject to change!**)

2

- Forecast future pool of expenses based on current knowledge...

3

- Develop a plan for match most restrictive funding streams to expenses first – **ORDER OF SPENDING**

4

- Prepare budgets that align with step 3

5

- Follow **Grants Management Principles** while spending HRSA and other funds available to your Health Center

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# Overview of Funding Overview / Possible Order of Spending

1

- Families First Corona Virus Response Act (FFCRA)

2

- Payroll Protection Program (PPP)

3

- Telehealth Grant Funding

4

- Capital Assistance for Disaster Response and Recover Efforts (CADRE) Funding

5

- COVID-19 Award #3 – Expanded Capacity for Coronavirus Testing (ECT)



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# Overview of Funding Overview / Possible Order of Spending

6

- HRSA COVID-19 Awards - #1 and #2

7

- 330 Grant Supplemental Awards - IBHS, Quality, SUD-MH (year 2)

8

- 330 Grant (base funds)

9

- CARES Act Provider Relief Funds - Distributions 1 and 2, Rural, High Impact Areas, Others...

10

- Stay tuned.... And be prepared to re-analyze funding and order of spending!!

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# Grants Management Principles

- Budgeting
- Financial Management (we have the grant or other funds, now what??)
  - Requirements for tracking grant funds
  - Budget to actual analysis
  - Re-budget when appropriate
  - Property Standards
  - Notice of Federal Interest
- Carryover reminders
- Time and effort / system of internal controls for allocating wages
- Procurement under the Uniform Grants Requirements

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# It all starts with the budget....

- Best practices

- Begin with the end in mind..
  - Budget to actual analysis
- Budget on every line of the budget
- Understand re-budgeting thresholds (Differences between 330 grant and COVID Awards?)
- Budgets should be approved by the board of Directors in your board minutes
  - Like our other HRSA budgets....
- Load budgets into the system if possible for reporting
- Strategize now about how you will code expenses as you pay them
  - Unique Purchase orders...

# Budget to actual example – Begin with the end in mind.

	Description	Total Awards	Adjustments to budget	Adjusted Budget	PPE 10-15-17	PPE 10-31-17	Total	
							10/31/2017	PPE 11-15-17
<b>REVENUE</b>								
	Federal Funds - 330	175,701.00	-	175,701.00			16,965.00	
	<b>TOTAL REVENUE</b>	<b>175,701.00</b>	<b>-</b>	<b>175,701.00</b>			<b>16,965.00</b>	
<b>EXPENSES</b>								
	<b>Personnel:</b>	<b>60,562.00</b>		<b>60,562.00</b>			<b>10,000.00</b>	
	Behavioral Health Counselor	30,281.00		30,281.00	2,708.33	2,708.33	5,416.67	2,708.33
	Substance Abuse Counselor	30,281.00	(25,697.67)	4,583.33	2,291.67	2,291.67	4,583.33	
	Director of Behavioral Health							
	Chief Medical Officer							
	Example of Change - Psychiatrist		25,697.67	25,697.67				5,208.33
	<b>Fringe Benefits</b>	<b>14,438.00</b>		<b>14,438.00</b>			<b>1,265.00</b>	
	FICA @ 7.65%	4,633.00		4,633.00			765.00	
	Medical, Dental & Vision @ 12.46% ???	7,546.00		7,546.00			500.00	
	Unemployment & Workers Compensation @ 3.14%	2,083.00		2,083.00				
	Life and Disability Insurance @ 0.29%	176.00		176.00				
	<b>Travel / Training:</b>						<b>2,500.00</b>	
	Conference Expense						2,500.00	???
	<b>Equipment</b>	<b>33,500.00</b>		<b>33,500.00</b>				
	Software: Integrated voice recording	10,500.00		10,500.00				
	Software: Firmware	7,500.00		7,500.00				
	Additional 1 time funding	15,500.00		15,500.00				
	< Insert Expense >							
	< Insert Expense >							
	<b>Supplies</b>	<b>40,640.00</b>		<b>40,640.00</b>			<b>3,200.00</b>	
	Hardware: Computers (4 units x \$800/unit)	3,200.00		3,200.00			3,200.00	
	Hardware: Monitors (4 units x \$175/unit)	700.00		700.00				
	Hardware: Cart (4 units x \$2500)	10,000.00		10,000.00				
	Hardware: Switches (3 units X \$3,400)	10,200.00		10,200.00				
	Hardware: Camera (4 units x \$440)	440.00		440.00				

# Another re-budgeting example.. – H8C

SECTION B - BUDGET CATEGORIES				
6	Object Class Categories	COVID - 19: H8C - Budget	H8C - Actual	Variance - Budget to Actual
	a. Personnel	105,000.00	55,000.00	50,000.00
	b. Fringe Benefits	8,032.00	5,500.00	2,532.00
	c. Travel	288.00	500.00	(212.00)
	d. Equipment	15,000.00	25,000.00	(10,000.00)
	e. Supplies	30,444.00	56,164.00	(25,720.00)
	f. Contractual	25,000.00		25,000.00
	g. Construction	-		-
	h. Other	-	25,000.00	(25,000.00)
	i. Total Direct Charges (sum of 6a-6h)	183,764.00	167,164.00	16,600.00
	j. Indirect Charges	-	16,716.40	
	k. TOTALS (sum of 6i-6j)	\$ 183,764.00	\$ 183,880.40	\$ 16,600.00
	25% of Total Budget	\$ 45,941.00		

# 330 Grant Re-budgeting

- Contact your Grants Management Specialist listed on the notice of award

	Column #1	Column #2	Column #3
Budget Categories	Current Budget	Budget Modification Line Item	New Budget
a. Salary and Wages	\$ 3,895,934.00		\$ 3,895,934.00
b. Fringe Benefits	\$ 838,147.00		\$ 838,147.00
<b>c. Total personnel Costs</b>	<b>\$ 4,734,081.00</b>		<b>\$ 4,734,081.00</b>
d. Consultant Costs	\$ -		\$ -
e. Equipment	\$ -	\$ 27,716.00	\$ 27,716.00
f. Supplies	\$ 322,092.00		\$ 322,092.00
g. Travel	\$ 33,326.00		\$ 33,326.00

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# Management Standards

- Subpart D: Standards for Financial & Program Management (200.300 to 200.315)
  - Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
  - Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §200.327
  - Records that identify adequately the source and application of funds for federally-funded activities.
    - These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

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# OIG Audit Accounting System Findings – ARRA Audits

- **CHC's financial system had the ability to track grants individually, but this function had not been implemented.** As a result, *CHC* manually performed this function for Recovery Act grants. Because *CHC* has many grants, in addition to Recovery Act grants, with different reporting requirements, **this system was more prone to error than it would be if it were performed electronically**
- ...As a result, federal funds may be used to pay for nonfederal expenses throughout each quarter &, consequently, quarterly status reports submitted to Federal Government may not provide for accurate & complete reporting of grant-related financial data



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# Practical – Financial Management

- How are we going to track information?
  - General ledger (chart of accounts)
    - Funding segments in Chart of Accounts
  - Spreadsheet
  - Practice management system
  - Memory???
- Organizational needs now/future?
  - Number/complexity of grants
- Documentation
  - If it is not documented, did it happen?

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# Equipment Records

- Property management standards for equipment include all of the following:
  - i. Description
  - ii. Serial # or identification #
  - iii. Source including award #**
  - iv. Whether title vests in recipient or feds
  - v. Acquisition date
  - vi. Federal share percentage (cost of item)**
  - vii. Physical location & condition & date of update
  - viii. Acquisition cost
  - ix. Ultimate disposition data including date of disposal, sale price or method used to determine current FMV where recipient compensates HHS for its share
- Notice of Federal Interest – HC Requirement to file – What is this?

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# Notice of Federal Interest

## Reporting Requirement(s)

### 1. **Due Date: Within 90 Days of Project End Date**

Within 90 days after the project end date, submit the SF-428 (Tangible Personal Property Report) with the SF-428B (Final Report Attachment) and, if applicable, the SF-428S (Supplemental Sheet). These documents must be completed using the HRSA Electronic Handbooks (EHBs). You must report federally-owned property, acquired equipment with an acquisition cost of \$5,000 or more for which HRSA has reserved the right to transfer title, and residual unused supplies with total aggregate fair market value exceeding \$5,000. Records for equipment acquired with federal funds shall be retained for three years after final disposal.

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# Carryover Reminder...

About the Health Center Program

[Home](#) > [Program Requirements](#) > [Frequently Asked Question \(FAQs\)](#) > Health Center Program Carryover of Unobligated Balances FAQs

## Health Center Program Carryover of Unobligated Balances FAQs

### 1. What is new or different about carryover requests for Health Center Program awardees?

Previously, HRSA required Health Center Program awardees to submit Prior Approval requests to carry over any unobligated balances (UOB) resulting from Health Center Program awards, regardless of the carryover amount or source.

Starting with the submission of fiscal year 2019 Federal Financial Reports, under certain circumstances HRSA is now allowing Health Center Program awardees to carryover unobligated funding from the prior budget period without the need to submit a separate prior approval request. In addition, carryover may include UOB resulting from both base operational funding and any additional supplemental awards (e.g., Oral Health Infrastructure, New Access Point, and Integrated Behavioral Health Services). Previously, only one-time funding and certain types of UOB were permitted for carryover.



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# **Time & Effort Reporting**



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# Compensation – Personal Services – 75.430

- Section I: Standards for Documentation of Personnel Expenses
  - Comply with established organization policies & procedures
  - “Charges to federal awards for salaries and wages must...be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable and properly allocated”
  - “Reasonably reflect the total activity for which the employee is compensated by the non-federal entity; not exceeding 100% of compensated activities”
  - “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”
  - “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 & corrected timely & the internal control process review after-the-fact interim charges & make the necessary adjustments for accuracy”

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# OIG Audit Time & Effort Reporting Finding

- CHC calculated NAP & IDS payroll costs on basis of budget estimates & not on basis of actual time employees worked on grant-approved activities
  - Specifically, in lieu of tracking actual time employees worked on grant-approved activities, CHC multiplied each employee's salary & benefit cost by pre-determined grant FTE allocation. Use of budget estimates rather than actual costs could result in improper allocation of Recovery Act grant funding

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# Time & Effort Reporting Options

- Track actual time within timesheet by Program
  - Not very practical in most cases
- Personnel Activity Reports (PARS)
  - After the fact
    - Based on Practice Mgmt data?
  - Actual and not budget
  - Total activity
  - Certified as accurate
    - Employee or supervisor with firsthand knowledge
  - Prepared monthly
  - Coincide with at least one pay period



# PAR Practical Example

## TIME AND EFFORT VERIFICATION FORM

### SECTION A: EMPLOYEE INFORMATION

Employee Name: \_\_\_\_\_

Department: \_\_\_\_\_

Position Title: \_\_\_\_\_

Location: \_\_\_\_\_

### SECTION B: TIME & EFFORT

Dates	Programs:			Total
	330 Grant	Ryan White A	COVID H8E Testing	
5/11/2020				
5/12/2020				
5/13/2020				
5/14/2020				
5/15/2020				
<b>Totals</b>				
<b>% of Time on activity</b>				

### Section C: Signature

I certify that I have firsthand knowledge of the individual grant terms and conditions, that I have performed the activities identified above in accordance with these individual grant requirements and that the distribution of effort shown represents the actual work performed by me during the period covered by this report.

Employee Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Supervisor Signature & Title: \_\_\_\_\_

Date: \_\_\_\_\_



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# Procurement



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# Procurement Standards Thresholds

- See official definitions in regulations, but set by Federal Acquisition Regulation - at 48 CFR Subpart 2.1
- Micro-purchase updated: typically less than \$10,000
- Simplified acquisition threshold updated \$250,000
- Small purchases would be between thresholds
- Grantees should not use this threshold as a lower limit for allowing competition
  - You policy should: consider your size, processes, needs
  - Goal of policy is not to avoid any procurement

# Procurement Methods

## Methods of Procurement:

	Micro Purchases	Small Purchases	Sealed Bids	Competitive Proposals	Sole Source
<b>Qualifications</b>	Up to \$10,000*	Up to \$250,000**	> \$250,000**	> \$250,000**	All dollar amounts
<b>Price Quotes</b>	Not required	Written, verbal, vendor price listing, internet search acceptable	Firm fixed price contract	Fixed price or cost reimbursement	Item is only available from a single source
<b>Cost / Price Analysis</b>	Not required	Not required	Required	Required	Public emergency does not permit delay
<b>Equitable Distribution</b>	Distribute purchases equitably amount suppliers	Quotes from an adequate number of sources (2 or more)	Bids are publicly solicited (2 or more bidders)	Solicit proposals from and adequate number of sources (2 or more)	Competition inadequate – solicitation from one source
<b>Selection</b>	Dictated by HC policy	Dictated by HC policy	Conform to HC terms & conditions at lowest price	Firm whose proposal is most advantageous based on price & written evaluation factors	Authorized by agency or PTE
<b>Other</b>	Threshold applies to aggregate purchase cost per purchase	Relatively simple and informal	Preferred for construction contracts	Used when conditions are not appropriate for sealed bids	May use if written request to HHS or pass-through entity is approved

\*See micro-purchase threshold at FAR 2.101 - \$10,000 as of 06/2018 \*\*See Simplified Acquisition Threshold at FAR 2.101 - \$250,000 as of 06/2018

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# Procurement Support (Practical Example)

**A. Describe the goods and/or services being procured:**

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**B. Quotes Received on Procurements in Excess of the Micro Purchase Threshold \*\$10,000:**

<u>Supplier/ Name</u>	<u>Items/Services Price plus lot/other charges</u>	<u>Shipping Cost &amp;/ FOB Point *</u>	<u>Total Order Price</u>	<u>Preferred (Standard) Vendor</u>
1. _____	\$ _____	\$ _____	\$ _____	_____
2. _____	\$ _____	\$ _____	\$ _____	_____
3. _____	\$ _____	\$ _____	\$ _____	_____

Circle or mark the number indicating the chosen supplier. All quotes for purchases in excess of \$10,000 need to be maintained supporting procurement transaction.

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# Procurement Support (Practical Example)

## C. Justification of Supplier/Consultant Selected on Procurements in Excess of the Simplified Acquisition Threshold \*\*\$250,000:

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- Supplier was the low bidder / provider.
- Supplier provided the best evaluated responsible offer (other than low bidder) – provide evaluation criteria \*
- Supplier establishes or maintains an essential engineering, research, or development capability (single source) \*
- An unusual and compelling urgency precludes full and open competition – provide rationale (single source). \*
- Compatibility with other components of a system already in operation – identify existing items (single source). \*
- Only supplier that meets pre-established performance characteristics – provide listing (single source). \*
- Supplier specifically identified within award documentation – provide verification (single source). \*
- Supplier/consultant is the only manufacturer/provider of this good or service (sole source). \*
- Other. \*

\*Provide further explanation: \_\_\_\_\_

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Justification of supplier / consultant selection is required for all purchases in excess of the Simplified Acquisition Threshold (\$250,000 as of 6/2018) and should be maintained as support for the procurement.

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# Procurement Support (Practical Example)

## D. Price/Cost Analysis Based on Procurements over Simplified Acquisition Threshold \*\*\$250,000:

- |  |  |
|--|--|
| <input type="checkbox"/> Adequate price competition        | <input type="checkbox"/> Comparable to Price Sold to Fed. Gov't. *   |
| <input type="checkbox"/> Catalog/Market pricing *          | <input type="checkbox"/> Historical pricing (* Provide previous PO#) |
| <input type="checkbox"/> Comparison to in-house estimate * | <input type="checkbox"/> Comparison to similar items *               |
| <input type="checkbox"/> Lease / Purchase Evaluation *     | <input type="checkbox"/> Cost analysis *                             |

\*Provide further explanation: \_\_\_\_\_

A documented cost or price analysis is required for all purchases in excess of the Simplified Acquisition Threshold (\$250,000 as of 6/2018) and should be maintained as support for the procurement.

## E. General Procurement Requirements on Procurements over Simplified Acquisition Threshold \*\*\$250,000:

- Contractor selected is responsible and qualified \*
- Contractor selected did not develop or draft grant or bid related materials \*
- Geographical preferences were not considered in evaluation of the bid\*
- Appropriate steps were taken to ensure free and open competition\*
- The item(s) being procured are not unnecessary or duplicative
- Consideration was given to consolidating or breaking out procurements to obtain a more economical purchase
- Consideration was given to the use of Federal resources to further foster economy and efficiency\*
- The procuring instrument was carefully selected to meet the specific needs of the procurement\*

\*Provide further explanation: \_\_\_\_\_

All of the general procurement requirements listed above should be met for purchases in excess of the Simplified Acquisition Threshold (\$250,000 as of 6/2018) and should be maintained as support for the procurement.

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# COVID-19 Impact to Procurement

- What procurement has been waived?
  - HRSA has adopted the flexibility provided for in [OMB Memo M-20-17](#) to allow recipients to waive the procurement requirements contained in 45 CFR 75.328(b)
  - Geographic preference
  - Small and minority businesses
  - Women's business enterprises



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# COVID-19 Impact to Procurement

- Do you have a separate procurement policy when not using federal funds (i.e. program income)?
  - Backdating of federal grant expenditures to January 20<sup>th</sup> that were previously paid with program income could cause procurement documentation issues
  - Be sure to think through this carefully as you do not want to create compliance issues
- After-the-fact documentation?
  - Some methods easier than others
  - Others not possible (i.e. sealed bids)
  - Ensure there is still competition when appropriate
    - Public health emergency is not absolute excuse to sole source procurements for anything in excess of \$250,000



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## Other Hot Topics



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# COVID-19 Impact on Audits

- OMB Memo M-20-17
  - provided a 6-month extension to normal 9-month filing deadline for those with fiscal year-ends through June 30, 2020
  - Automatic extension- no application or approval necessary
  - Does not impact “low-risk auditee” qualifications
- Does this practically impact us?
  - Provides automatic flexibility if deemed necessary
  - Still best-practice to get audit completed as timely as possible

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# SBA PPP Loan Program- new FAQ

- FAQ Question #46 added on 5/13/20: How will SBA review borrowers' required good-faith certification concerning the necessity of their loan request?
  - Safe harbor- <\$2M will be deemed to have made the required certification concerning the necessity of the loan request in good faith.
- Does not impact other requirement under the Program

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# Provider Relief Funds

- Accounting for \$50B in general allocation of provider relief funds funding under ASU 2018-08
  - Considerations and judgments should be made
  - Exchange vs. Non-exchange
  - Conditional vs. Unconditional
  - Restrictions?
- What is lost revenue?
- Required terms and conditions
  - “only be used to prevent, prepare for, and respond to coronavirus, and that the Payment shall reimburse the Recipient only for health care related expenses or lost revenues that are attributable to coronavirus.”
  - “will not use the Payment to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.”

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# Provider Relief Funds

- COVID-19 Uninsured Program Portal
  - On or after February 4, 2020
  - COVID-19 testing or treatment of the uninsured
  - COVID-19 diagnosis
- Steps to participate (<https://coviduninsuredclaim.linkhealth.com/>)
  - Enrolling as a provider participant
  - Checking patient eligibility
  - Submitting patient information
  - Submitting claims electronically
  - Receive payment via direct deposit
- Accounting for these funds?