Emily DeMent:
Hello everyone. And welcome to today's webinar: Focus on Grants Management, which is part five of our new series; Financial Office Hours, Strategies to Manage Operations during COVID-19. My name is Emily DeMent, program associate in the training and technical assistance department here at NACHC. And I'm pleased to bring you this webinar along with my colleagues, Ted Henson, director of health center, performance and innovation, and Gervean Williams, director of finance trainings who you'll get to hear from in just a few moments.

Gervean Williams:
A couple of things. On the next COVID-19 webpage, we have a lot of resources; and all these office hours, the recordings are on the website along with the transcription of the services. We want to be really responsive to you guys out in the field, so I want us to take a couple of moments, if you can put in the chat any future topics you would like to see us cover. We want to hear from you. We want to make sure we're meeting your need. And throughout the webinar, if there's any future topic that you would like to see covered, just place that in the chat function. We'll really appreciate that.

Gervean Williams:
And, again, thanks again for everything that you guys are doing out in the field. And I would like to go ahead and turn it over to Ted, to do some opening remarks and get us started.

Ted Henson:
Great. Well, thanks Gervean. And then I just want to welcome everyone to what is the fifth webinar in our ongoing series of Financial Office Hours. If you've been with us since April, you know these biweekly webinars have been designed to really address what the immediate questions and needs that you all at the health center level have on financial topics as it relates to ongoing response to COVID-19. The past webinars have focused on grants management, everything Medicare, CMS policy and reimbursement cash flow and more. And so today we'll be focused on the CARES Act reporting requirements with a focus on grants management.

Ted Henson:
And we're lucky to be joined, again, by our friends and partners and colleagues from BKD and Feldsman Tucker Leifer Fidel. I just do want to mention that NACHC is active on many other fronts as well, whether it's Telehealth or policy issues. And so you can find more, if you go to our homepage. We have a COVID-19 webpage where we have... ongoingly, we're updating FAQs, and then also the Health Center Resource clearinghouse, which is healthcenterinfo.org, where there's a COVID-19 page as well. Without further ado, I'm going to turn things over to Jeff Allen at BKD.

Jeffery Allen:
Thank you very much, Ted. Excuse me. I appreciate that and appreciate everyone jumping on today to really have a discussion about really focusing today on grants management topics. And it seems like the calls that are all coming in to the firm right now we're all centered around double-dipping, documenting expenses, making sure that all this money gets accounted for correctly. That's a very important topic right now we're going to spend most of our time today. Catherine Gilpin is going to join us here in just a minute and then Justin Kensinger after that.
Jeffery Allen:
I'm just going to have a few opening comments, then I'm going to pass it off to them. They're spending a significant amount of time in this area, and I want to make sure they have plenty of time. Here's just a few topics that we are going to try to cover today. We're going to just take about four or five minutes and talk about gap accounting. I know, unless you're an accountant, that's not very exciting topic. But I think it is something that we really do need to discuss, some blocking and tackling issues and then we'll go to the grants management issues that Catherine and Justin are to cover.

Jeffery Allen:
One thing is this is really going to be a little bit unusual, how this looks on our financial statements. And I think it's important for everyone to get your boards, your finance committees, and everyone on board with this. This is going to be an unusual time because the paycheck protection program, which for a lot of you that you participated in that… which is a great program and it's done a great job helping a lot of health centers keep their people in place and to have staffing available to help out with this crisis. But those are loans, and they're loans that have to be reflected as a liability on your balance sheet.

Jeffery Allen:
And if you look at the basic gap accounting on a liability, you've got to keep on your balance sheet until it's repaid, where you pay it back, or you're legally released from the debt. In this case, it would be by the financial institutions that you went through to get the Paycheck Protection Program loan. Unless they offer different guidance, and this is certainly possible. FASBI seems to be waiting for the SEC, the SEC actually guides on... about exactly how it should be accounted for.

Jeffery Allen:
But under current gap, you will have to keep that on your books until you are formally told that it's forgiven, or until you pay back that loan. This will likely result, unless they make changes, unless they issue new guidance, which is possible as I mentioned... This will likely result in the reporting of expenses in a different accounting period or in some cases, if you're a May 31 or June 30 fiscal year in a lot of cases, that the revenues may be in a different fiscal year even, or the expenses be in a different fiscal year than the corresponding revenues that were result from loan forgiveness.

Jeffery Allen:
If you're paying for your payroll right now through the PPP program, and you're incurring a salary and wages cost, and you're paying for those costs right now through your Paycheck Protection Program loan that you received, those expenses should be recorded in your financial statements as expenses. However, the amounts that you're using to cover that really is going to be in the liability on the balance sheet. We've got all expenses and no revenue which is going to result in bottom lines being a lot less than maybe what we're used to seeing.

Jeffery Allen:
It's a good thing to get in front of your audit committees, your finance committees, and explain that this is going to happen to make sure that you have adequately prepared them for that. And unless they change the gap on this, whenever you do get formal notification from your bank... Maybe, the bank has 60 days to respond to you once you submit your documentation, that you have used the money in
accordance with the rules. The bank looks at it, they say yeah and they give you a release of that debt, under current gap that would be recorded in that certain period.

Jeffery Allen:
That would be recorded on that day, that you received the release. They may issue new guidance on that. They may want to balance that up and you can go back to record once you get the reward. We'll have to see how that guidance is on that. But I wanted to make sure you all go ahead and get that out; that that is something that will be a little bit different than we typically do in our accounting records for this program. I also want to talk... Before I hand it off and we really spend the rest of the time talking about grants management, I just want to remind everyone that don't forget about the basics.

Jeffery Allen:
A lot of you are used to running community health centers, community health centers for a good period of time. You know what it takes to run a good health center. You know what it takes to do the day in and day out stuff. And don't forget about the basic blocking and tackling of running a community health center during a crisis. During a crisis, it is always easiest to let things slip and let things run a mock a little bit because you're so focused on handling the crisis.

Jeffery Allen:
How many times has it probably happened over the last six, eight weeks where a check's got to go out the door quickly and we don't really follow the international policies we have of having a second signature, preferably this or that or whatever policy because we're just trying to get it out the door quickly because we're in crisis management? And frauds do occur based on when people think that they're not being looked at, so you really need to pay attention to those types of things. Bill and collect. Make sure your revenue cycle is still running seamlessly.

Jeffery Allen:
Make sure every service that you provide inside the four walls of the health center is getting paid for. Make sure your monthly financials are getting prepared on time. Well, we can't work on that right now. We've got this other stuff to do. Well, yes, that is true. There are a lot of things on your plate, but the boards and finance committees need good information now more than ever. And we can't just take the position, or we shouldn't take the position that, “Well, we're not worried about monthly financials right now. We'll wait on that. We'll redo the two or three months after this crisis has passed and we can get our breath.”

Jeffery Allen:
And we want to make sure we've got good, solid financial information in real time so that good decisions can be made by those who make those decisions. Productivity. Well, Jeff, if we have 20% to 30% no-shows why are we worried about productivity? Well, it's still important. It's still important to look at this, to make sure that we're analyzing this and doing the best that we could to do. Frequent communication. I was talking with the health center the other day.

Jeffery Allen:
They're doing little mother daily... They called them huddle meetings, I think. Daily huddle meetings where they get together and just have a real quick four or five minute standing meeting before the day
starts to make sure everybody's on the same page. What do we need to accomplish today? What needs
to happen? Making sure that everybody is pulling the same direction and doing it. Frequent
communication is very important during a crisis. And the last thing is, don't forget about the mission and
your strategic planning.

Jeffery Allen:
Don't lose sight of your end goals just because there's craziness going around, around you. Making sure
that you're still staying focused on what are the mission really is. Don't allow yourself to get pulled off
into other tangents and to things like that. That means maintain your focus, and making your focus, and
keep heading down the path that your board and your strategic plan has set on there. We all have to be
understanding of the current crisis and the current decision making process that has to take place,
which may be different than it was three or four months to go; but we don't want to lose sight of the
basic blocking and tackling that it takes run a community health center.

Jeffery Allen:
With that... They kept it on there? Sorry. That was a joke as I sent it on the slides. And so if you do follow
me on Twitter, I will try to come up with some free cookie recipes. Okay? It is national chocolate chip
day, so we'll figure something out there. That's funny. Okay, I'm going to pass it off to Ms. Catherine
Gilpin and she will take it from here and talk about grant strategy. Catherine, you are still on mute just in
case you didn't know that.

Catherine Gilpin:
I didn't know that, so thank you very much. What I said, and you guys didn't hear, was that these first
three slides are intended to serve as a reminder in regards to just refresh your memory in regards to
some of the discussions that we've had at a high level over the last couple office hour calls. We actually
have also talked about these. We recorded some videos for NACHC on different topics, and one of the
ones that we talked about with the grants strategy. Right?

Catherine Gilpin:
But by this point in time, we're several months into the pandemic and what I would hope that you have
done at your health center is that everyone has begun to develop a grant strategy with the main
purpose of this strategy being avoiding double-dipping and trying to figure out how you're going to use
your grant funds moving forward. What we've previously talked about in regards to the grants strategy
is that the very first step that you should follow is look at the funding streams available to you. One of
the things I'd just briefly like to point out is that these are subject to change.

Catherine Gilpin:
Since the last time we spoke on the office hours two weeks ago, you've likely received the third COVID
Award from HRSA, but then you've also likely received some additional funding related to the Cares Act
that provided relief funds. Some of the health centers attending our discussion today, our webinar, have
also likely been approved and have been awarded the Payroll Protection loan under the second round of
Payroll Protection funding. And so just understand that very first step, when you look at your funding
streams, you might have to actually reanalyze it based off of your current funding, because there's no
guarantee that we're not going to receive additional support in the future.
I'd like to jump to this third step. And then after you analyze your funding streams, one of the things that you need to do is to develop a plan for matching the most restrictive funds to your expenses. And that's what we call the order of spending. You should ultimately look at the grant funds you have and determine how you're going to spend them. Right? Yeah, I think all of us have submitted the first and second budgets for our COVID Award, and you have one pending related to the third COVID Award. And I think that one's due probably May the... I think it's May 6 or May 8.

Catherine Gilpin:
Not May, I apologize. June. All right, so the fifth step in your grant strategy, and this is what we're going to focus on today, is you need to follow your grants management principles when spending the HRSA and the other funds that are available to your health center. And so this is what we're going to focus on for the most part today. All right, so this slide is just showing an overview of the current funding potentially available to health centers. You may or may not have all of this. And it's just an example of what it would look like to potentially develop that order of spending.

Catherine Gilpin:
Now, the order of spending for each health center is going to be different and unique. Right? Some of us might not be utilizing the Families First program, and so that wouldn't be in your order of spending. We have health centers that might not have applied for Telehealth Grant funding. You should develop your order of spending based off of the different grants or different funding sources that your health center has received. One of the changes from the last time we talked to this time relates to that COVID Award #3, that health centers received, which was to expand capacity for Coronavirus testing.

Catherine Gilpin:
Ultimately, that funding has a very specific... there are specific activities that can be allocated to that award. All of the expenses, whether they are related to the supplies or salary made expense, need to tie back to testing for Coronavirus. These expenses are not to maintain or increase health center capacity, and they're far more focused than the first two COVID Awards. And so we rank them higher in regards to restrictiveness when we develop the order of spending. If you actually will look at this slide, we've actually then ranked that person's second COVID Awards, the 330 Grant supplemental awards.

Catherine Gilpin:
Between these last two, if you look at eight and nine, 330 grant based bonds and potentially the CARES Act Provider Relief Funds, ultimately how you rank either the 330 Grant or even the Cares Act Provider Relief Fund can actually change just related to the fact of how big is your health center. What was the impact to your health center? Are you using the Provider Relief Fund for the lost revenues, to support lost revenue, or are you supporting those with expenses, healthcare expenses? Depending upon your strategy in regards to either number eight or number nine, it changes for each health center.

Catherine Gilpin:
One of the things that we actually focus on, and we'll talk about this in regards to the 330 Grant (base funds). And we actually have a slide about this later. It's in regards to potentially re-budgeting, if you need to re-purpose the original use of your 330 Grant funds but then also carrying over 330 Grant funds. Justin, in his portion of the discussion today, is actually going to briefly touch upon the CARES Act Provider Really Funds. All right, so let's refresh your memory in regards to some of the principles of grants management. These are the topics that we're planning to address today.
Catherine Gilpin:
We've tried to keep this practical because ultimately you have the grant fund, now what do you do? What we tried to do with this presentation is provide a resource to you. I know that NACHC is going to make these slides available to you after this presentation, so that you'll have them as a reference. And we wanted a resource for your health center to go to, to look and see some of the considerations you needed to make in regards to the record keeping for all of these grant funds. Well, let's get started. It all starts with the budget. What are some budgeting best practices? You have to begin with the end in mind.

Catherine Gilpin:
Ultimately at the end of the day, everybody expects that these funds are going to be audited, whether it's office of inspector general, auditors, whether it's divisional financial integrity, whether it's your financial statements. And we ultimately need to understand that, specifically related to the COVID Awards, there's always a strategy in regards to the budget. Health centers have been required since 2013 to break apart their budgets and budgets federal versus non-federal grant funds.

Catherine Gilpin:
And when you look at the second bullet point that I've listed budget on every line item, in that federal column of your budget if you don't have an amount budgeted on that line ultimately HRSA doesn't approve for you to use any federal grant funds for that purpose. And so you should always budget how you think you're going to spend the grant funds, but then ultimately understand that there are potentially circumstances where your health center might have to re-budget. Related to the 330 Grant and the COVID Awards, the re-budgeting requirements are actually different.

Catherine Gilpin:
330 Grants requires based on the lesser of 25% or a 250,000 line item deviation whereby the COVID Awards actually have a 25% of the total budget re-budgeting threshold. And we actually have an example slide of that. The important point to remember is that your budget should actually be approved by the board of directors in your board minutes. This is very similar to other HRSA budgets, and we'd recommend that as a best practice for your COVID Awards. We would absolutely recommend loading these budgets into your accounting software if possible. That'll help when you get to the record keeping and the tracking your grant fund step. Anything that you can do to automate this process will minimize errors.

Catherine Gilpin:
Think now about how you're going to code expenses as you pay them. Think about, if you're using your COVID Awards, you have three different COVID Awards. You have several different supplemental funding opportunities available under your 330 grant. Think about some type of coding system, maybe when you're spending the money or creating purchase orders, so that when your accounts payable staff receive those invoices you'll automatically know this is attributable to COVID Award number one, this is attributable to number two, this is a testing and it should be allocated to that third award.

Catherine Gilpin:
This is just an example, when we talk about beginning with the end in mind. Ultimately, you're going to have... This is an example. This total awards' column is the original award. One of the things we continue
to remind health centers is that if you are approved to spend salary and wage expense on an award, you don't necessarily have to ask permission from HRSA when you're re-budgeting. What you're required to do... When you submit that original budget, you have to fill out a personnel justification. All right? It's listing the personnel that you're going to allocate to the award.

Catherine Gilpin:
What's you should recognize related to the record keeping of all of your HRSA grants, of all of your Federal Awards, is that let's say that you originally said that you were going to put a specific employee to an award. You can actually replace Jane with Joe, but what you need to do is reflect that in your actual records. And so that's just a reminder. Always remember that if you don't budget for something... Look at the travel and training expense in this example. If you don't budget on the travel line, if your employees aren't traveling to different places where you might be providing testing services or something like that, you're not approved for the travel and training.

Catherine Gilpin:
You can actually... If you go back to the fringe benefits in this budget example, one of the things that you can actually do is potentially allocate based off of a fringe rate. Right? That's something that's available to you. But what you should have is a policy and procedure supporting the allocation of fringe benefits in place at your health center. You should reference the uniform grants requirements and make sure that you understand when you can allocate and how you can allocate different expenses to the awards, and make sure you're following your policy consistently.

Catherine Gilpin:
Here's another potential, just re-budgeting example related to the H8C funds. Ultimately variants of more than 25% of the total budget in this example, you potentially have to re-budget. And when you look at these H8C funds, I highlighted a couple items in orange just to point them out for discussion purposes. In this first category, we have potentially a budget that was submitted to HRSA related to this grant award. 25% of the total budget is $45,000. One of your requirements, and we're going to actually talk about this on the next slide, relates to financial management and the requirements. Right?

Catherine Gilpin:
We're required to track actual expenses against this award, the COVID-19 H8C funds. We're required to do that for two purposes. First, if you look at this actual column and the two items that I highlighted, you can't use... This is just another example of if I didn't budget for other expenses. I wasn't actually approved to use even a penny in that column. And so you ultimately need to make sure that... That's why we recommend to people that they budget on each line of the budget, so that you're approved for use in all the lines and then you have the potential re-budgeting threshold available to you.

Catherine Gilpin:
In this example budget, this health center originally budgeted for $105,000 and actually only had $55,000 because it would appear they needed to use more money for equipment and supplies than they had originally anticipated. And so, you have a situation here where the variance to the budget is actually an excess of the re-budgeting threshold. Now, with these COVID Grant Awards, you always reference the back of the notice of award to understand if you've hit some type of re-budgeting threshold.
But they all state that you're able to re-budget without asking permission so long as the original use of the grant funds aligned with the purpose for which you were originally funded. And so, one of the things that I would do in this situation is I would prepare the new budget and then I would go back and, as an administrative matter, get that new budget approved by my board of directors. On this slide, we're actually just thinking about 330 Grant re-budgeting. Ultimately we think that many health centers are going to be in a situation because of the grant funds that they've received, where they might need to actually potentially re-budget their 330 grant. Right?

Catherine Gilpin:
The image on this slide is actually an image that was provided to me by one of the HRSA Grants management specialist. And when I asked them, on behalf of a health center, how could I do budget my 330 grant; and they actually sent me this... They sent me a document and I put part of it on this slide, just to say that ultimately you would look at your budget as it is currently, how you've submitted your original budget to HRSA. You would help them to understand in this column too, if you needed to make a modification to a different line, and then you potentially have your new budget. But if you have any questions in that regard, don’t hesitate to reach out to your grants management specialist.

Catherine Gilpin:
Subpart D, so let's talk briefly about what do the feds think your records should look like. Right? There's some language in subpart D, standards for financial and program management, and I've underlined the information that we feel is important. And ultimately the feds think that, in regards to your Federal Awards, that you should identify in your chart of accounts all Federal Awards received and expended. You're required to maintain accurate, current and complete disclosure of the financial results of each federal award and have records that identify adequately the source and application of funds.

Catherine Gilpin:
What's really important is that the source and application of funds be supported by source documentation. Justin, in his portion of the presentation, said that he's going to focus on what does your documentation need to look like, whether it's in regards to the time and effort or whether it's in regards to procurement. Now we added this slide just briefly with the main point of reinforcing that ultimately we think all of these funds are going to be audited. And I think that HRSA and the federal government has an expectation that you'll be tracking your grant funds in your general ledger.

Catherine Gilpin:
And this is actually an example of some feedback that was provided by an HHS OIG auditor in regards to health centers use of our funding back in 2012 and 2013. Ultimately make sure that now you're focused on how are you going to track the information. Ultimately, I think HRSA’s preference is that you do so. It requires that you do so in the general ledger. I would suggest now that you look at the purposes you're going to be using these grant funds and where you think that you need to track each of them specifically.

Catherine Gilpin:
You certainly need to do so for each COVID Award that you've received, any of your supplemental grant funds, and then think about the CARES Act Provider Release Fund or any of the distributions that you've received for pretty much the same purpose. And I could see someone using... one, tracking those together, putting those together, pulling them and tracking them as one. Spreadsheets are discouraged.
when tracking federal grant funds. They are far more prone to error than the general ledger, and so just keep that in mind. Ultimately, you have an opportunity now to potentially think about your organizational needs now and in the future.

Catherine Gilpin:
Our grant accounting has certainly become more complex and you might have a situation where in the future you recognize that maybe you need to upgrade to a new accounting software package, if you're still maybe using QuickBooks or Peachtree, to help track your grants in the future. Again, Justin will talk about documentation; but if you don't document it, it didn't happen. This is just a quick reminder that if you're using your federal grant funds for a minor alteration renovation project, there are equipment property management standards.

Catherine Gilpin:
The two most important are when you're tracking those, make sure that you're looking at the source number of the awards, so H8C, H8D; and that as you're setting them up in your fixed asset software you're looking at the amount that was federally funded. Don't forget also, if you're doing a minor renovation project that you are required... This is a snip right from the back of the notice of award, that you do have to file a Notice of Federal Interest. And this is the information on the back of the notice of award that tells you what information you'd need to submit.

Catherine Gilpin:
This is actually... If we’re thinking briefly about carryovers, please do remember that they've changed. The process changed in 2019. And we ultimately included this information just to make a statement that if you look at this third line towards the end of the sentence, both base operational funding and supplemental awards are available to be carried over. Right now I'm actually going to turn it over to Justin who's just going to begin the discussion about time and effort reporting.

Justin Kensinger:
Okay. Thanks, Catherine. And good afternoon, or good morning, maybe on the West Coast still. We're going to dive a little bit deeper into a couple of the things that Jeff and Catherine both touched on, but first we're going to talk about time and effort reporting. I definitely know that this is not anything new for the health centers out there, but really wanted to touch on a few of the important things that really with some of these new funding streams we we've received it might be a little more complicated. We wanted to talk on, just as a reminder, what's out there.

Justin Kensinger:
The uniform guidance really hasn't changed in regards to documentation. I've included on this slide here, in the parentheses, things that really we feel from a policies and procedures really need to be there. That's, I guess, the number one thing. It's going back to the basics, making sure your policies and procedures do document what you're doing. One of the most important things is probably that second dark bullet, where it says your system of internal controls must provide a reasonable assurance that the charges are accurate, allowable and properly allocated.

Justin Kensinger:
We're going to go into maybe a practical example of how that might work with not only your 330 Grant or any other federal grants you've received but also specifically looking at the new funding, the H8E funding for testing, that everyone's received here lately. And talk about how that might work. Catherine mentioned this piece and I'll reiterate it because it's very important, that we can't allocate things more than 100%. What that means is it goes into the double-dipping rules. Ideally you are tracking expenditures in the GL by grant code and that will definitely help you identify and prevent you from allocating things more than 100%.

Justin Kensinger:
If you're doing this in Excel spreadsheet, sometimes formulas can cause problems that you really don't want to deal with. We're going to go into the next slide here, really an example of what we've seen historically whenever we've had new funding strains and really just a change in an approach. You remember a few years ago when you received the NAP and IDFS type funding? That did a lot of cases have some payroll piece to them. This is an example of a real life example of a finding that was received based on an OIG visit, that really this health center was using their budget.

Justin Kensinger:
They were budgeting a certain percentage of salary to that supplemental grant and they really didn't go back and document, in accordance with the guidelines, what they needed to be doing to get the actual costs. That's something that I would stress here in the place we're at now with all the additional funding streams that we've all been receiving. It's that this is even more important now than it was a year ago. Let's talk about some different options that we have. What type of time and effort reporting options do we have right now? Here's a couple of the more common examples.

Justin Kensinger:
The first is really just tracking your time, your actual time in your time sheet, by program. What we found is this is probably not very practical for most health centers. It may be practical for some health centers previously, when you really just had the 330 Grant. It might have been a little easier just to track things that way when you have very limited number of funding streams coming in. But my expectation would be that's probably not going to be the case going forward, because it's just too hard to do.

Justin Kensinger:
The other option we have is around Personnel Activity Reports or PARS. The way to think about that is really it's after the fact documentation. It's still not budget, so you have to get away from that if you're thinking budget. It has to be based on actual, and it has to be based on the total activity of that person. But I wanted to go through just an example of what that might look like for you. What I've seen some health centers do, what I feel is pretty well with this, is when they're trying not to rely on the providers to do this type of thing. They're really doing it in the back office, if you will, in the accounting department or on that side of things.

Justin Kensinger:
Most of you have Practice Management Systems that likely have some really good data, so an idea could be that, hey, you have a certain code out there that you're tracking for, for instance the COVID H8E testing. If you can identify within your system that, hey, these number of patients were seen by this provider. And you know they say they saw four patients that qualify, and they saw eight patients in total...
for that day, you would know 50% would be a pretty reasonable way to allocate that type of cost for the
day. That's just an example. I'll show that a little bit more here in a second.

Justin Kensinger:
But you want to make sure that it's being certified as accurate as well, so that can be either by the
employee, supervisor or in some cases possibly even the accounting department if you're using that sort
of allocation methodology. You want to make sure it's being done at least monthly, and you want to
make sure it's coinciding with at least one pay period. But here's a practical example that I put together,
and for this one it's a 330 Grantee that also has a Ryan White program that also has the COVID testing
H8E funding.

Justin Kensinger:
What you might be able to do, like I explained before, is go in and actually calculate this based on some
actual data in your practice management system. That's not possible, or maybe you are going back and
actually documenting hours and the time sheet this way versus having to track it within the time system
itself. But you can see, again, this isn't... It doesn't have to be exactly like this, but this is just a practical
example of what that might look like. All right. Next, let's get into procurement. Really, procurement
standards really haven't changed.

Justin Kensinger:
There's a couple minor things that did change, that I'm going to cover here in a little bit, but I wanted to
use these first few slides just as a reminder of really what you need to be paying attention to. Catherine
talked about some of the specific grant rules around procurement. There's a lot of health centers out
there that really haven't had to deal with this a whole lot in the federal grant side of things, so I just
wanted to remind you of the different thresholds that are out there. Micro purchases, that was updated
here recently. That's typically less than $10,000 now, if you've updated your policy around that.

Justin Kensinger:
A simplified acquisition threshold is $250,000. And then really it goes back to your policy. You want to
make sure you as a health center, because there's a lot of different sized health centers, you want to
make sure your policy meets the needs of your organization. Here's a good slide that I think we've used
before, but it really just shows the different methods of procurement that are out there and really
focuses on the different levels. Where this comes into play pretty significantly right now is there's a lot
of you that received grant funding, say in April or May, that you're allowed to go back to January and
charge expenses to.

Justin Kensinger:
Where you want to be a little bit careful is around procurement. That's one area you want to be careful.
Because if you go back and charge, let's say, one of the COVID #1, the H8C funds, back to something that
was procured back in February then you want to make sure you can document that you did follow the
federal procurement guidelines. A practical example. We're not going to spend a lot of time going
through this in detail. But the next few slides here you can reference when they send the slide deck out
to you, is just an example checklist.
But if you're going through and you now have a procurement that you need to get documented, this would be a good example of how you might document that. That way if someone asks, you'll have the support behind you to do this. But it gives you just a checklist. Make sure you're checking all the boxes around the compliance requirements. Let's talk briefly about what impact COVID-19 had on procurement. There was some confusion out there. Just know that it's not gone. There was not a pure waiver of procurement rules.

Justin Kensinger:
There was a memo here M20-10 that came out, that HRSA adopted, that did waive certain requirements. Those were around geographic preferences, small and minority businesses and women business enterprises, but that does not relay or eliminate all the rules around procurement. It was very specified. I had mentioned before, if you're going back and tracking federal expenditures back to January 20th, you want to make sure you can document your procurement documentation around that expense. If there's a case where you can't do that, you might want to second guess or rethink your allocation methodology on what you're charging the award.

Justin Kensinger:
Because if it's something you didn't follow a federal procurement policy on you may not want to... If you can't go back and document it, you may want to avoid charging that to a federal grant after the fact. Because some of those methods we talked about above are really just a documentation type of thing, but others like sealed bids, obviously you can't go back and get bids for something that has already begun. Just be careful and make sure you're thinking through that carefully, because you don't want to be charging something after the fact and create compliance type issues for you in the future.

Lastly on procurement, the public health emergency COVID-19 really shouldn't be an absolute excuse to just go and sole source everything, so be careful with your documentation. That would be hard to support if it's really not something that makes sense for a sole source type item. You want to avoid that. All right, so those are panel... and we've got four more slides here that are our other hot topics. And I want to make sure we leave room for questions at the end as well, so I'm going to go through these relatively quickly.

Justin Kensinger:
But first off is how COVID-19 has impacted our audits. You guys' financial statement audits, you know they're normally due nine months after year end. I loved what Jeff said early on in the discussion about monthly financials. Honestly, that doesn't really change in my opinion on your financial statement audits. You do have six more months. There was a blanket automatic extension for six months, so you have a lot longer than your all ready long nine-month period. You do have time if you need it. But what I would say practically is it's still probably a good idea to stay pretty much online with your normal audit timeline, maybe it does get changed a little bit.

Justin Kensinger:
But your boards and your finance committees, they need to know this type of stuff; and as well as your management teams. You want to know any type of issues earlier than later. That way you can potentially adapt and make changes as necessary. One important note there, the third bullet on top, this does not impact your low risk auditee status or qualifications, so it's essentially an automatic extension.
That nine month requirement, if you go past that, normally you wouldn't qualify as a low risk auditee. This gives you that blanket automatic extension that there’s impact there.

Justin Kensinger:
Next I wanted to make sure everyone saw that the SBA PPT Loan Program issued a new FAQ just a couple days ago on the 14th. That really talked about really a hot topic been talked about over the past couple of weeks. It's around the good-faith certification relating to the necessity of their loaner class. This is a good news item for all those health centers that are on the call that got less than a $2 million initial loan. You have a safe harbor now. If you're less than $2 million, the SBAs came out and said that they're going to deem you had met the qualifications and the certification was in good faith automatically if it's less than $2 million.

Justin Kensinger:
Now that doesn't necessarily mean if those that are on the call, if you've got over $2 million, that that's something you need to be overly concerned with. But you just need to make sure that you're thinking through that, and the necessity of your loan request is appropriate for your organization. Just know that the safe harbor itself is literally just the good-faith attestation, so that does not impact the other requirements into the program as far as what you can charge to it or any other kind of program requirements.

Justin Kensinger:
All right, next we'll talk briefly on the provider release funds. This has been some confusion out there because there's a big pot of money out there that's been distributed out. The first $50 billion was distributed out in April. Some of you may have got rural health allocation here a week or two ago. Thinking through the accounting, I know Jeff covered accounting for the PPP loan, there are some judgment on the provider release funds here that I think you need to be making if you haven't thought through this.

Justin Kensinger:
Because it does impact your financial statements and it impacts the overall… just how you recognize things for your potentially audit for a 531 or 630 year-in client. There's judgment to be made under the new ASU 2018-08. I do think when you're going through and documenting around this you have to consider exchange versus non-exchange transaction. I think these provider release funds, in my opinion at least, are pretty clearly not exchange transactions, so I think that does fall under the non-exchange side. Where it gets a little bit more judgmental is around conditional versus unconditional.

Justin Kensinger:
I personally think unconditional is the right answer there, but you can go through and document that and consider that on your own. Where I think it's pretty clear is that there are restrictions. Right? Catherine mentioned this in her comments. You do have to use this for healthcare-related expenses or lost revenues associated with the Coronavirus. What that means practically is if you think about the old guidance, this type of funding would likely fall in what you would under the previous accounting guidance called TRNA or temporarily restricted net asset. That would now be net assets with donor restrictions.

Justin Kensinger:
What that would mean, it would go on your balance sheet and then be released in the revenues as you're charging the expenses, healthcare related expenses, or potentially the lost revenues. Let's talk briefly on lost revenues. I know we want to leave time for questions, but lost revenues is a very important topic that's been talked about a lot over the past. There's been some guidance out there around this. What I want everybody to be thinking about is really thinking about it from a total revenue, total budget approach. Don't just look at net patient service revenue.

Justin Kensinger:
You've got a lot of other funding streams that came into the door at the health center. You want to make sure you're considering the overall impact to the organization and not just net patient service revenue. All right, last slide before we open it up for questions. I wanted to touch briefly on the uninsured program portal. There probably are some health centers on here that have been using that. If you haven't, that is an option out there. This does tie to the Provider Release Funds and it's for specific uninsured treatments and testing of patients that are uninsured.

Justin Kensinger:
If you have done that, it goes back to February 4th. And if you do have patients that have the COVID-19 diagnosis, you can go in and get reimbursed at the Medicare rate for those visits. I left a link here to how to sign up, and there's some more additional information there to what you need to do. If you think through the accounting guidelines with these funds, I think it's a little bit more gray. If you work through your 2018-08 ASU, I really think you could get to a point where this could be an exchange transaction versus a non-exchange that we were talking about with the other piece of the funding from the Provider Release Funds.

Justin Kensinger:
And the reason I say that is because this truly is tied to that patient encounter, so just keep that in mind whenever you're going through and doing your testing. Let me turn it over. I think it was Anne that was going to lead the Q&A.

Anne Loeffler:
Yeah. Thank you so much, Justin. And thank you, Jeff and Catherine at BKD. Before we open it up to questions, we have Mike Glomb from Feldsman Leifer Tucker Fidel on the line as well. And Mike, do you have anything to add before we get into questions?

Mike Glomb:
Yeah, I would. I'd just like to add another little more amplification of the PPP points that were made, that Justin made. First of all, they also said the SBA, also said that if you have... First of all, if it's under $2 million you're probably pretty safe. We're talking now about the certification for eligibility, not the accounting for that document that you spent the funds appropriately. That's a different matter that'll come up at time when you ask for forgiveness. But there was a lot of concern about certification of need. And so people under $2 billion are pretty safe.

Mike Glomb:
They also said that loans over $2 million would be looked at, at the time forgiveness is sought and is subject to SBA, excuse me, review. And if at that time they determined that there wasn't an adequate
basis of need, the borrower would have the option of repaying the entire loan plus interest, presumably. It begs the question of if there's a dispute about whether the SBA's judgment was right or not. You essentially have a second bite at the apple to avoid the penalties that people were scared about before, which was potential criminal offenses. And there's have been a couple of those, not for these issues but related and for false claims and the like. There's some conflict there.

Mike Glomb:
And the third piece is that if for some reason we're really concerned that there's no way that you could justify your PPP loan, and I would look at that carefully before I made that decision, they've extended the amnesty period to the 18th which is Monday. Prior, it used to be the 14th, so you have until Monday until the close of business to return the loan if after thought and review and documentation you think that you might be at significant risk for a prosecution of some sort. You have to Monday to advantage of that amnesty. That's all I had to say about that.

Anne Loeffler:
Great. Thank you, Mike. And now we'll turn to questions from the chat. And I think, Justin, you were just discussing this one but let's revisit it. What revenue do we report in the provider portal for the CARES provider release stimulus revenue submissions?

Justin Kensinger:
I assume that question goes to… There was four questions that folks had to answer relating to after the general distributions, to essentially attest to those. One of the questions related to, really, documenting a patient service revenue and one of them related to estimating your lost revenue for March and April 2020. It's only May 15th now. A lot of these attestations have already been done, but for those that haven't been done you had 30 days to do that. I would do your best estimate what that overall total budget lost revenue would be for those two months.

Anne Loeffler:
Great. Thank you. And for those of you are asking about how to request CPE for this session, you'll get that after you fill out the survey; and that a link to that will be provided after this session. Okay, next question. Can we move Stimulus Provider Release Funds to certificates of deposit until we need them? Our stimulus deposits are well over our general bank accounts FBIC limits.

Jeffery Allen:
I guess. I mean, there's no public intervention that would be an issue on that side whether we put it in a CD or whether you put it in cash. Justin, you agree?

Justin Kensinger:
I would totally agree Jeff. Thank you.

Jeffery Allen:
Yeah. Yeah.
Great. Thank you. Are you recommending we treat the Stimulus Provider Release fund as a separate fund? Our primary use for these funds will be to support lost revenue. Do we need to account for what we spend the stimulus funds on?

Justin Kensinger:
Yes, I'll take that one guys. I think we tried to cover that during the presentation; but, yes is the short answer. We do recommend you set up essentially a grant code in your GL to track those specific expenditures. If you are trying to go the lost revenue route, you are able to do that. But just know that there's going to be a little bit more judgment there and you want to be a little more careful that you truly have lost revenue.

Catherine Gilpin:
Yeah. And this-

Anne Loeffler:
Thank you.

Catherine Gilpin:
And I'll just add to that. Ultimately, you can use them for lost revenue or expense, but we do think using them for expenses might be a safer route just related to the fact that, like Justin said, lost revenue is based on judgment and there's not necessarily a defined definition of lost revenue. And so either is acceptable.

Anne Loeffler:
Okay, great. And for the Cares funding that allows health centers to maintain capacity, which can result in employees not working to capacity, how can time and effort tracking with personnel activity reports validate that an employee's time was covered under CARES?

Catherine Gilpin:
Ultimately, when you're looking at the 330 Grants and maintaining or increasing capacity and I'll let... Justin, I'll let you add anything you'd like to add to this discussion. But if you're paying your employees because they're there and when they're working on in scope activities, those are the type of expenses that are allocable against those awards. Justin, what would you add?

Justin Kensinger:
Yeah. I had a couple of things. I think you need to be very careful. I would almost say you can't do that for the last round of funding because it's so specific to the testing piece. But if you're talking about like the COVID #1 and a COVID #2, that's H8C and D funding, I think there is an FAQ out there that covers that a little bit. Because those funding streams are a little bit more flexible than what the last round was. Clearly, your 330 Grants, as long as things are in the scope you want to also make sure of that too. I don't think we've covered that in the presentation. But if you have anything in scope, nothing's changed there. You want to be very careful not to charge any federal dollars to anything out of scope.

Anne Loeffler:
Okay, great. Thank you. And there are few questions about Provider Release Funds. What's the reporting requirement and what are the restrictions?

Justin Kensinger:
The restrictions are relatively straightforward; there are just not a lot of detail out there. We covered that on the one of the slides up here. Let me go up. Let me go up one. Right here, this bottom. Terms and conditions are the main two terms and conditions of the Provider Release Funds. Healthcare related expenses or lost revenues, I don't think I touched on the last one in much detail, but essentially what that means is you can't double-dip it. You can't charge expenses to the Provider Relief Funds and also charge it to the 330 Grand. As far as the reporting goes, there is going to be reporting requirements.

Justin Kensinger:
That's still a little bit out, and I believe I saw some information on that. And, Catherine, jumped in if you know more detail here. But I would expect more guidance coming out for reporting around this but I think there will be some reporting that was mentioned in one of the latest FAQs. That may be a good topic on one of our future session once we have a little bit more information.

Anne Loeffler:
Great. Thank you. And please feel free to chat in if you agree or if you have other topics going on. Okay, next question. It seems that we should be doing more TNE reporting. I was under the impression that a bi-annual statement signed by each employee was sufficient as well.

Jeffery Allen:
Justin, I can -

Anne Loeffler:
Say that again. Justin?

Justin Kensinger:
Oh, go ahead. You're welcome to address that one.

Catherine Gilpin:
Oh yeah. Certifications for time and effort reporting certainly can be appropriate when the employee is just getting charged to, let’s say, the 330 grant or the COVID Award #1 or #2. Right? Because that's anything in scope, you're not supporting their salary and wage expense with another award there. The employees are under the salary cap. There they're only supporting one activity. Right? Where the time and effort reporting comes in, or even an allocation based off of think about the example Justin provided with the practice management system, where that comes in is when you’re allocating to more than one award.

Catherine Gilpin:
Whether it's based off of a report out of your practice management system in regards to the number of tests performed or potentially related to I had this employee, we're providing testing for 100% of the time. They could potentially certify that for this period of time my entire job was testing and I was
standing at the testing tent or something like that, and that's all they were doing. That's the type of, potentially, certification consideration. Justin, what would you add to the points I made?

Justin Kensinger:
I think you've answered that very well. If there's other questions, we're happy to follow up.

Anne Loeffler:
Great. Thank you. Another question about the Provider Relief Funding, how long do we have to use the funding? There was no timeframe in the attestation.

Justin Kensinger:
Yeah. That's another question I've gotten a few times, and you are correct whoever asked that question. There is no timeline that we've identified as of yet. If you think of Catherine's order of spending, that's one of the primary reasons that she had that more towards the bottom of the list, if you will. It's because there appears to be not as much restrictions on that funding as some of the other funding streams you've received. That is, as of right now, based on what we know. If there's additional guidance that comes out, that might change that answer. But that's, at least, what we know currently.

Anne Loeffler:
Okay, great. And I see we are at our time. Gervean, do you want to close us out?

Gervean Williams:
Thanks so much, Anne. And thanks a lot to our partners at BKD and Feldesman Tucker for bringing us this great content. And once again, we're going to leave the chat open for another couple of minutes. If there are any future topics you would like to see us cover, please just put that in the chat feature. And as always, we appreciate everything you're doing out there on the front line, and please stay safe. Take care.