



NATIONAL ASSOCIATION OF  
Community Health Centers

### Important Content Note:

This technical assistance resource was developed prior to the August 2017 release of the Health Center Compliance Manual by the Health Resources and Services Administration's (HRSA) Bureau of Primary Health Care (BPHC). The BPHC Compliance Manual, issued August 2017, indicates where PINS, PALs and other program guidance are now superseded or subsumed by the BPHC Compliance Manual.

See:

<https://bphc.hrsa.gov/programrequirements/pdf/healthcentercompliancemanual.pdf>

## GOV

## Information Bulletin #7

Updated January 2016

**Note that in all Information Bulletins:**

The term **“health center”** refers to public or private nonprofit entities that: (1) receive grants under Section 330 of the Public Health Service Act (Section 330), including Sections 330(e), 330(f), 330(g) and 330(h) (collectively “Health Center Program Grantees”); and (2) entities that have been determined by the Department of Health and Human Services (DHHS) to meet the Section 330-Related Requirements to receive funding without actually receiving a grant (“health center look-alikes”).

The term **“Section 330-Related Requirements”** refers to requirements set forth in:

- Health Center Program Statute: [Section 330 of the Public Health Service Act \(42 U.S.C. §254b\)](#),
- Program Regulations: [42 CFR Part 51c](#) and [42 CFR Parts 56.201-56.604](#)
- Health Center Program Requirements: <http://www.bphc.hrsa.gov/programrequirements/index.html>

The term **“Grant Requirements”** refers to Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: 2 CFR Part 200, as adopted by DHHS at 45 CFR Part 75.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is published with the understanding that the publisher is not engaged in rendering legal, financial or other professional service. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

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# Creating an Annual Board Work Plan to Distribute Board Responsibilities Evenly Throughout the Year

**H**ealth center boards of directors are bound by law and regulation to abide by myriad program and reporting requirements throughout the lifespan of a grant. To fulfill their fiduciary responsibilities to their health centers and to be good stewards of public funding support, boards are charged with oversight responsibilities of health centers. Rather than day-to-day management responsibilities, boards have various oversight duties that range from fiscal responsibilities — including budgetary approval, financial reporting, and audit approval — to service oversight — including reviewing the service area, evaluating utilization, prioritizing new or expanded services and programs, consolidating and/or downsizing, responding to community needs, approving grant applications and renewals, and updating health center policies and procedures. Boards also have responsibility for creating a strategic plan, performing annual self-assessments, and evaluating the Chief Executive Officer (“CEO”) of the health center.

All of these duties take time. To respond prudently to the many Federal (and other) requirements with which health centers must comply, board members need time to review and understand the nuance of documents and plans, make recommendations, and vote on approvals. As such, these duties should not be sprung on a board or a committee just prior to when, for example, the Federal government requires a report to be due. Instead, each should be planned for and appropriately scheduled so that the health center board’s response is not hurried and individual board members are not ill-prepared. In this manner, all board members can anticipate the preparatory time that will be needed to be well informed.

Additionally, the management team can better anticipate the board's needs for information at each meeting and provide board packets well in advance of the meeting.

One should always remember that board members are volunteers who have jobs and activities far beyond the reach of the health center. Respecting that the board members' commitment is not boundless, planning in advance to address all board requirements in an efficient and timely manner is crucial. Advance planning will allow individual board members to attend meetings and get the job done.

In short, having an annual work plan that evenly distributes the board's workload over the course of a year can minimize crises, and maximize board members' preparation and participation in monthly board meetings. Note that the annual work plan is not a requirement established by law or regulation; it is merely a planning tool to assist boards in doing their utmost to meet their numerous obligations in a quality and timely manner while avoiding burn out.

This information bulletin:

- ◆ Distinguishes between strategic planning and creating an annual plan
- ◆ Suggests a process for establishing an annual work plan
- ◆ Discusses in detail the types of reports, reviews, and requirements that should be included in the annual work plan
- ◆ Provides a sample annual work plan that health centers can use as a model to develop their own work plan

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## THE DIFFERENCE BETWEEN A STRATEGIC PLAN AND AN ANNUAL WORK PLAN

A **strategic plan** is a tool to tell health center staff and board members where the organization is headed in the next three to five years based on the unmet needs in the community, the health center's capabilities, and potential obstacles and challenges.

In contrast, the **annual board work plan** is a short-range tool that focuses on the board's work one year at a time. The work plan should account for actions needed to accomplish the longer-range goals defined in the health center's strategic plan. Importantly, the annual work plan also sets guideposts and deadlines for health center boards by which they review and update policies, approve budgets, and submit assurances, applications, and reports to the Federal government to comply with the terms of **Section 330-Related and Grant Requirements** and other major grants and contracts, as well as Internal Revenue Service ("IRS"), and other Federal, state, and local regulatory reporting requirements.

*... the annual board work plan is a short-range tool that focuses on the board's work one year at a time.*

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## SUGGESTIONS FOR DEVELOPING AND IMPLEMENTING AN ANNUAL BOARD WORK PLAN

There are a variety of considerations for a board as it creates an annual work plan. These include defining the scope of the work plan and identifying who should lead the development effort, which sources of input to include, whether to hold a planning retreat to create the plan, which year — program or fiscal — the annual work plan should follow, and what items to include. Each is addressed in turn below.

### The Development Process

The process of devising the annual work plan need not be overly burdensome for the health center's board. The board, however, should not take the work plan development process lightly. An incomplete or rushed process will only lead to problems later on. The annual work plan is a document that the health center board and management team will rely on all year to help structure work load, deadlines, and meeting schedules; therefore, it is essential that it be reliable.

### Point Person or Committee

A point person or committee, perhaps the board President or Secretary, or the Executive Committee, should be in charge of the annual work plan development effort. It should be a person or committee who has good overall knowledge of the board's obligations, as well as the health center's operations. This person or committee should work closely with the CEO or Executive Director of the health center in drafting the work plan; devising a comprehensive work plan will require input from many sources.

### Sources of Input

The board, its various committees, and the CEO or Executive Director of the health center will need to weigh in on the work plan's elements to ensure that all key areas are covered and the schedule will work for everyone. The CEO, in turn, should consult with the health center's management team and other key health center staff (including the Chief Financial Officer, the Chief Medical Officer/Medical Director, supervisors responsible for quality assurance/improvement, *etc.*) to give input into the annual work plan's design.

### Planning Retreat or Session

The board's designated point person or committee will need to conduct a multi-hour planning session to develop the annual work plan. Such a planning session may occur as a part of an annual strategic planning retreat or it may require a session of its own. To support the point person or committee, the board will need to commit adequate time and resources to developing the plan, seeking input from key sources, and reviewing and approving the recommended plan created by the board's designee(s). The first year the health center develops an annual plan will likely take longer than subsequent years, so an additional few hours should be accounted for in the planning process.

## A “Living” Document that Changes

The work plan should not be considered a stagnant document. Rather, boards should recognize that it is a “living” document and may require changes throughout the year. Flexibility is needed by everyone who uses the work plan to ensure that changes can be made and additions and corrections can be incorporated as the need arises – whether during the year or prior to establishing the new work plan for the following year.

The goal of having a board work plan is to account for and spread the work of the board throughout the year, in part in response to known deadlines, as well as to allow for regular briefings on important topics and board training events. There will, of course, always be unplanned issues that arise during the year that will need to be addressed by the board at meetings. If a good work plan is not in place, any unplanned for issues that arise may sidetrack consideration of equally important, predictable matters. If, however, a solid work plan is in place, the board can:

- ◆ Evaluate the unplanned issue;
- ◆ Determine its severity and immediacy;
- ◆ Compare it to the tasks on the work plan; and
- ◆ See where consideration of the new issue may fit.

If the unplanned-for activity necessitates immediate attention, it may require that the board juggle items on the existing work plan or schedule a special meeting (or perhaps designate a special committee to make preliminary recommendations). In such cases, the board should be careful to attend to legal and regulatory deadlines so that further problems do not result. For example, if a provider credentialing issue arises that requires immediate and time-consuming attention, the board will need to ensure that it is addressed, while at the same time not putting off board discussion and/or approval of the audit or

next year’s budget. Missing other deadlines because something unexpected arises is not considered good management, and **Section 330-Related and Grant Requirements**, as well as other regulations such as those of the IRS do not make habitual allowances for the unexpected.

## Program Year vs. Fiscal Year

If the health center’s fiscal year and program year do not align perfectly, the board should decide which year the work plan will track. Any discrepancies between the two will need to be addressed by the board to ensure that deadlines can be met and reporting requirements can be followed.

## Inclusion of Deadlines and Reporting Requirements

The annual work plan will require the board to evaluate its workload responsibilities comprehensively, instead of taking a piecemeal or informal “take it as it comes” approach. To achieve the goal of being holistic in its process, the board will need to consider all of the key deadlines and reporting requirements designated by **Section 330-Related and Grant Requirements** and all other major Federal and state statutory and regulatory deadlines (as well as those imposed by other major grants and contracts). Each should be given its own spot on the annual work plan timeline, according to when it is due. The board can then work backwards from that date to determine the necessary preparation time for completing each one, which can also be included in the work plan timeline.

## Items without Government Deadlines

Additionally, certain items should be placed on the annual work plan that do not have obvious regulatory deadlines, but are still vitally important responsibilities of the health center's board. One example is comparing budgeted to actual expenditures every month. The board must compare budget to actuals as a part of its fiduciary duty to the health center and also to ensure the safeguarding of Federal funds. Without a month-to-month analysis of budgeted versus actual spending, the board cannot ensure that appropriate internal controls are being exercised and that the health center is performing in accordance with the board-approved budget and strategic plan, as well as Federal and state grants and other commitments. Reviewing monthly budget to actuals and current financial statements also allows the board to make mid-course corrections and update projections for the rest of the year. As a result, reviews of monthly budget to actuals and current financial statements should be placed on the work plan.

Another example of something that should be included on the annual work plan despite not having a regulatory deadline is the monthly review of board meeting minutes. The monthly minutes are the only record of what occurs in board meetings and can be used by boards to prove there was a quorum (thus, authorizing the board to take action) and to record major issues, actions, and votes taken (including dissents or abstentions). Consequently, it is imperative that minutes are accurate and reviewed by board members who attended the prior meeting. If edits or changes need to be made for accuracy, they should be made at the subsequent meeting. Discussion and review of the prior month's minutes should be done at every meeting and placed on the annual work plan.

## Evaluation of Board's Work Plan

While a formal evaluation of the board's work plan is not required, it is important for the board and the CEO to keep track of how the document worked for them over the course of the year. For example, if the annual work plan was very aggressive and included many items but the board found that the timing for handling some of them was problematic, this issue should be noted and changed in the next year's plan. In addition, if some key events were inadvertently omitted from the work plan, these should be noted and included in the plan for the following years. The point person or committee in charge of creating the annual plan can and should take responsibility for updating and changing the work plan and tracking how well it worked for the board.

*... certain items should be placed on the annual work plan that do not have obvious regulatory deadlines, but are still vitally important responsibilities of the health center's board.*

## Items to Consider Including in the Board's Annual Work Plan

The following is a list of items to consider including in the board annual plan. Please note that this list is not intended to be exhaustive. Further, not all items will apply to all health centers. The specific items to include in your particular work plan will depend on legal requirements as well as the health center's individual facts, circumstances and characteristics. Nevertheless, the list below should provide a good starting point for most health centers.

- ✓ Annual review of scope, availability, hours and locations of services
- ✓ Annual review of general operating policies and review of the evaluations of certain procedures that impact patient access and need (such as the sliding fee discount program) to assess their effectiveness in operationalizing the board-approved policies
- ✓ Annual or periodic review of health center's plans impacting patient access and need, including:
  - Capital expenditures and investment plans
  - Language and cultural competency plan
  - Health Care / Service Delivery plans
  - Board and staff training plan
  - Outreach and enrollment plans
- ✓ Reports on staffing needs/changes
- ✓ Discussion regarding the annual needs assessment and patient satisfaction surveys, which inform the strategic planning process
- ✓ Annual strategic planning retreat, including update of the health center's mission and goals
- ✓ Review of health center Bylaws
- ✓ Approval of annual budget/grant application
- ✓ Approval of other applications related to the health center project, including HRSA requests regarding scope of project (such as Change in Scope requests)
- ✓ Review of annual Federal Financial Report and the IRS Form 990
- ✓ Annual audit review and official acceptance of the audit report
- ✓ Monthly budget to actual expenditure reports
- ✓ Quarterly Corporate Compliance reports
- ✓ Quality assurance/quality improvement reports
- ✓ Credentialing and privileging updates
- ✓ Evaluation of the CEO
- ✓ Board self-evaluation
- ✓ Monthly review and approval of board meeting minutes
- ✓ Annual meeting to elect officers, seat new members, and review committees

## SPECIFIC ITEMS TO INCLUDE IN THE WORK PLAN<sup>1</sup>

The specifics of a health center board's annual work plan will vary among health centers vis-à-vis each health center's style, based on its unique needs, activities, and operations. For example, if a health center's board sponsors a fundraiser every year to raise funds to support certain health center programs, capital needs, and other purposes arising from the long-range strategic plan, both the fundraiser and the planning for such an event should be included in the annual work plan.<sup>2</sup> If the idea for the fundraiser is developed after the annual work plan is written, it should be included in the annual work plan as soon as the board decides to hold the fundraiser. Not only should board-created events such as fundraisers be placed on the annual work plan calendar, but also the work plan should be consulted prior to finalizing the scheduling of such events. Checking the annual work plan will help to ensure that the board is not overloaded in any given month.

Nonetheless, there are numerous items common to all health centers that should also be accounted for within the annual work plan. The Sample Annual Work Plan included with this Information Bulletin provides an example of how these items might fit into a working document. Please note that the sample

should be used as a guide only; it is not intended to be exhaustive or to be used without tailoring it your health center board's needs.

## Establishment and Approval of Key Health Center Policies, Goals, Priorities and Plans

Health center boards provide leadership and guidance to support the health center's mission while avoiding involvement in day-to-day direction and management of the health center. One way in which to accomplish this is by establishing and approving key health center policies, priorities and plans, which, in turn, will form the framework of the supporting operating procedures established and implemented by management and staff.

### Health Center Policies<sup>3</sup>

Health Center Program Governance policy<sup>4</sup> requires that health center boards — with certain exceptions for public health centers — retain and autonomously exercise certain key policy-making authorities without restrictions or limitations. To the extent that committees and the management team can perform preliminary policy review and make recommendations to the full health center board, the board should charge them to do so. Giving committees a charge for

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- 1 NOTE: many of the items addressed in this section (and throughout this Information Bulletin) are discussed in greater detail in various other Information Bulletins within the Governance Series. We suggest reviewing those Information Bulletins in conjunction with this section for additional information on the topics discussed herein.
  - 2 The expenses for holding such a fundraiser must be covered by non-Federal funds (including any allocable health center staff time or overhead) as such costs are not allowed charges to a Federal grant (see 45 C.F.R. Part 75).
  - 3 Under the public health center model, the exercise of certain personnel and financial policy-making authorities may be retained by the public entity or shared between the public entity and the co-applicant board. PIN #2014-01 provides detail regarding which policies must be retained by the board versus those that can be exercised by the public entity, either individually or in concert with the board. This exception applies solely to public health centers; all private nonprofit health centers must maintain autonomous control over all required policies.
  - 4 See Policy Information Notice (PIN) 2014-01, *Health Center Program Governance*, Health Resources and Services Administration ("HRSA") at <http://bphc.hrsa.gov/programrequirements/policies/pin201401.html>

the year and deadlines that dovetail with the board's annual work plan is critical in assuring the smooth implementation of the work plan in a coordinated fashion. Nevertheless, the full board retains and exercises final approvals over required policy-making authorities.

Policies for boards to review and document approval in the board meeting minutes include:

- ◆ Health care policies, including:
  - Scope, availability and mode of delivery of services
  - Location at which services are provided and hours during which services are available
  - Quality-of-care audit procedures
- ◆ Personnel policies and procedures, including:
  - Selection and dismissal procedures
  - Salary and benefit scales
  - Employee grievance procedures
  - Code of conduct and conflict of interest policies
  - Credentialing and privileging policy
  - Equal employment opportunity practices
- ◆ Financial management policies and practices, including:
  - A system to assure accountability for health center resources
  - Approval of the annual budget (see below for additional detail regarding this responsibility)
  - Health center priorities
  - Billing and collection policies
- Eligibility for services including fee schedules for services and the Sliding Fee Discount Program policies that address:
  - Patient eligibility for a sliding fee discount that is based on income and family size (including definitions of income and family size and frequency of re-evaluation)
  - Documentation and verification requirements to determine patient eligibility
  - The structure of the sliding fee discount schedule
  - Billing and collection practices
  - Provisions for waiving fees or nominal charges<sup>5</sup>
- Long-range financial planning
- ◆ Policies for evaluating health center activities and the health center's progress in meeting its annual and long-term goals, including:
  - Service utilization patterns
  - Productivity of the health center
  - Patient satisfaction
  - Achievement of objectives
  - Development of a process for hearing and resolving patient grievances.

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<sup>5</sup> See PIN 2014-02, *Sliding Fee Discount and Related Billing and Collection Program Requirements*, HRSA at <http://bphc.hrsa.gov/programrequirements/policies/pin201402.html>. This policy requires boards to approve the following optional elements of the program, if the health center elects to establish them: alternative mechanisms for determining patient eligibility when documentation is unavailable; establishing and collecting nominal charges; use of multiple sliding fee schedules; applicability of discounts to supplies and equipment associated with services; and use of billing and collection alternatives such as prompt pay incentives, grace periods, payment plans and refusal to pay guidelines.

## Health Center Plans

The board must also review and approve the numerous plans the health center has in place that implement the board-approved policies and priorities and to guide the center's work, including:

- ◆ Capital expenditures and investment plan
- ◆ Language and cultural competency plan
- ◆ Health care and service delivery plans
- ◆ Board and staff training plan
- ◆ Outreach and enrollment plans

This review may be done at the same time as the board reviews other policies, or it may be done in conjunction with the board's strategic planning efforts. In any event, plan review should be included on the annual work plan.

## Staffing Needs

As noted above, as a part of the program review, staffing needs should be considered. If changes need to be recommended, the board can do so at this time.

## Additional Processes Related to Required Health Center Policies, Priorities and Plans

In addition to establishing and approving key health center policies and priorities, health center boards engage in processes that facilitate the establishment of such policies and help to meet such priorities, including:

- ◆ Defining and evaluating the health center's catchment (service) area
- ◆ Reviewing the annual needs assessment and patient satisfaction surveys, and participating in strategic planning

- ◆ Reviewing and as necessary revising the health center's mission, goals and Bylaws

## Review and Approval of Annual Budget, Grant Application, Other Applications Related to the Health Center Project and Other Financial and Tax Forms

### Annual Budget, Grant Application, and Other Applications Related to the Health Center Project

Another critical item that should be included and properly accounted for in the annual work plan is the board's review and approval of the annual budget and the Health Center Program grant application (as well as any other major grants or contracts). This item should be included on the work plan so that the Finance Committee can review it approximately sixty days before the grant is due. In this manner, there is time to make any needed changes.

The recommendation by the Finance Committee for full board approval of the budget and grant application can then occur at the next meeting of the full board, at least thirty days prior to the submission deadline. If the board has a meeting scheduled only a day before the application is due, this does not provide enough time to carefully review and recommend changes or approve it. As such, board approval of the budget and application should not wait until a meeting at the last minute for approval.

In addition to the annual Health Center Program grant application, the board must approve other applications related to the health center project and, in particular, the health center's approved Scope of Project (the sites, services, service area, target population, and providers). This means the board must approve other Federal, state, local, and private grant applications when the funds will be included in the Health Center Program's budget, as well as

official requests to the Health Resources and Services Administration (“HRSA”) that impact the scope. In particular, HRSA’s Scope of Project policies and procedures require health center boards to approve all Change in Scope requests that are submitted to HRSA for prior approval.<sup>6</sup>

It is important to ensure that the review and approval of the budget and grant application (as well as other applications related to the health center project) are documented in the board meeting minutes. Documentation in the minutes demonstrates that the board exercised its responsibilities. HRSA may review these minutes when assessing applications and/or during on-site compliance assessments.

### Federal Financial Report, the Form 990 and Other Tax Filings

As part of its fiduciary duties, the board retains certain fiscal-related responsibilities beyond the approval of the budget and the overall financial management policies practices described above. The board should also review and approve the Federal Financial Report (“FFR”) which must be filed with HRSA within ninety (90) days after the expiration of the Section 330 grant budget period.

Additionally, the board ought to review and approve applicable tax forms, such as the IRS Form 990 and other important filings. A health center’s filing date for the 990 is determined by the end of its fiscal year. The filing must occur by the 15th day of the 5th month after its fiscal year ends. The Finance Committee should review and approve such filings, and make recommendations to the full board for approval. The board’s approval of these documents should be placed on the annual work plan.

## Annual Audit Process

Under the terms of its Section 330 grant, the health center is subject to **Grant Requirements**, which require, among other things, that an annual audit be submitted within nine months of the close of the grant’s fiscal year.<sup>7</sup>

Planning for the audit should be included in the annual work plan, as should the review of the audit findings. The health center board’s use of an Audit Committee will help to facilitate planning and review of the audit.

Boards should be careful not to place review of the audit report on the work plan for the same month as the approval of the health center budget; both are comprehensive and weighty documents that require much time and focus from board members. Placing them on the agenda at the same meeting means that boards can be overwhelmed with critical data and not do either document justice. Instead of giving the audit report and the annual budget short shrift, boards should be able to give both of them the attention and time they require. This will be made easier if boards can plan to address them at different monthly board meetings. Boards should also place the approval of any necessary reconciliation between the FFR and the audit report on the work plan calendar.

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6 See Health Center Program *Scope of Project Policies and Procedures* at <http://bphc.hrsa.gov/programrequirements/scope.html>

7 Section 330 also requires an annual audit. However, the type of audit and the specific requirements are governed by the overall grants management requirements set forth in 45 CFR Part 75.

## Monthly Reviews of Budget to Actuals

As noted above, to fulfill their fiduciary duties to the health center and ensure that proper internal controls exist to safeguard Federal grant funds, boards should review and approve monthly budget to actual expenditure reports and current financial statements. These reports, generated by health center fiscal staff, should be included in the annual work plan because a monthly discussion of the health center's fiscal health can take some time. Thus, it is important to account for them in the annual work plan. If the board notes trends in the monthly budget to actuals or current financial statements that require changes or fixes to be made, then it can suggest mid-course budget corrections to keep the health center on track.

## Corporate Compliance, Quality Assurance, and Credentialing/Privileging Reports

### Corporate Compliance Review

All health centers should have a board approved corporate compliance program in place. A corporate compliance program is a voluntary system of internal controls designed to ensure that health care providers regularly evaluate and monitor their own adherence to applicable statutes, regulations, and program requirements. The Corporate Compliance Officer, typically with the assistance of a management level Compliance Committee, develops appropriate policies and procedures, trains staff on compliance requirements, monitors high risk areas, investigates alleged problems, and develops and implements a corrective action plan for any detected offenses. Each year, the Compliance Officer should develop a work plan and budget for compliance activities to be submitted to the board for approval. As well, a summary of all compliance activities should be written into a quarterly report for the board. The

report should highlight successes as well as high-risk problem areas that require the board's attention. Approval of the health center's corporate compliance work plan and budget and quarterly corporate compliance reports should thus be added to the board's annual work plan to assist it in its oversight of risk exposure areas.

### Quality Assurance/Quality Improvement (QA/QI) Review

Health centers should also be sure to include quality assurance updates in their annual work plans.

Health centers maintain an ongoing QA/QI program to ensure the appropriateness and effectiveness of patient care. When applying for Federal Tort Claims Act ("FTCA") medical malpractice coverage, health centers are required to submit a board-approved QA/QI plan and minutes from at least six board meetings during the course of the previous year that document board oversight of QA/QI activities.

As noted above, in addition to providing oversight of QA/QI activities, the board must approve at least every three years the QA/QI Plan, assure that the approved Plan is signed and dated by the appropriate board member (such as the board secretary), and note the approval in the board meeting minutes. Quality assurance updates can be done in tandem with the quarterly corporate compliance reports or can be addressed separately, depending on what works best for the specific health center and its board.

### Credentialing/Privileging Review

**Section 330-Related Requirements** require health centers to establish a formal process to verify regularly the credentials of health care practitioners and determine the scope of their privileges. The health center's credentialing process should not only meet requirements from HRSA/BPHC, but also the standards of national accrediting agencies such as The Joint

Commission or the Accreditation Association for Ambulatory Health Care. The board should address credentialing issues in an ongoing manner, including an annual review of the health center's credentialing and privileging policies and approval of the re-credentialing and re-privileging of each provider every two years.

Boards should note that while credentialing and privileging issues should be addressed by the board and added to the annual work plan, this does not mean that board members should be involved in the day-to-day clinical management of the health center. Further, the board is allowed to delegate the actual credentialing and privileging process (including renewals) to management, provided that the board retains overall responsibility through the approval process.

## Evaluations of CEO and Board

### CEO Evaluation

One of the most important responsibilities exercised by health center boards is the selection, dismissal and annual performance evaluation of the health center's CEO. The board should evaluate the CEO toward the end of the year to:

- ◆ Assess his/her achievement of established criteria (presumably in or appended to the CEO's job description or included in the CEO's employment contract) regarding successful clinical, fiscal, and operations management; and
- ◆ Establish individual performance goals that address any concerns about performance, as well as the priorities of the board for the coming year.

The board will need to determine which instrument to use to evaluate the CEO, who will participate in the evaluation, when the evaluation will occur, when results will be compiled and shared with the full board and the CEO, and when input from the CEO will be received. While the compilation of the evaluation can be delegated to a committee of the board (often the Executive Committee or the Personnel Committee), the full board should sign off on the evaluation prior to presenting to the CEO. Given the importance of the CEO evaluation and the existence of many components, the entire process should be placed on the annual work plan to ensure it happens in a timely manner, and the review of the performance evaluation should be documented in the board meeting minutes.

### Board Self-Evaluation

While not required, it is advisable that boards conduct their own self-evaluations on an annual basis to determine the extent to which the board is meeting all requirements and functioning efficiently and effectively. The board or a committee will need to determine the instrument they will use; the board will have to complete the evaluation; results will need to be tabulated and summarized in a report. The report should be reviewed by the full board at a meeting or alternatively, the report can be used at the strategic planning retreat to help the board improve its process on goal setting and refinement of oversight policies and procedures. Either way, all of these steps should be accounted for in the annual work plan.

## Other

No matter how well the board may plan its activities and try to predict its expected workload, contingencies will occur over the course of the year. For example, a health center might receive a Notice of Award (NoA) that includes an award amount that does not dovetail with the budget the board approved or that includes special terms and conditions. If the budget and the NoA are materially different, the board will need to discuss how to modify the health center's services and programs to align with the approved budget. Board agreement and approval is especially important in this situation because if the health center draws down any part of the grant award — even ten cents — the health center will have been deemed to have accepted all conditions imposed by the Federal government. In any case, we recommend that the board plan each year to review the NoA at the meeting immediately after its receipt — typically within thirty (30) days of the receipt of the grant award — to determine whether or not additional actions should be taken that require board approval (such as revising existing budgets and plans, responding to conditions, asking HRSA for reconsideration, etc.).

## CONCLUSION

In sum, the annual work plan is a tool to be used to by boards of health centers — not because it is required by law or program regulations — but because it will help the board and management discharge duties effectively, comply with requirements carefully, and ensure an even distribution of board resources throughout the year. Without an annual work plan, a health center board may be overwhelmed. But with a functional annual plan that can be easily and logically operationalized, a board can predict when much of its duties and deadlines fall during for the upcoming year. Having this structure in place will allow the board to face with aplomb the inevitable, unpredictable events that arise during the year.

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## Sample Annual Work Plan\*

### Months 1 through 6

Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Review and approve minutes of last month's meeting	Review and approve minutes of last month's meeting	Review and approve minutes of last month's meeting	Review and approve minutes of last month's meeting	Review and approve minutes of last month's meeting	Review and approve minutes of last month's meeting
Review and approve Budget to Actuals	Review and approve Budget to Actuals	Review and approve Budget to Actuals	Review and approve Budget to Actuals	Review and approve Budget to Actuals	Review and approve Budget to Actuals
Annual Meeting: elect and seat new members, review committees, review bylaws for quorum purposes					
		Finance Committee's review of IRS Form 990	Review IRS Form 990 based on Finance Committee's recommendations	Submission of IRS Form 990	
				Review of policies & procedures prior to annual renewal (incl. clinical & administrative, capital expenditures plan, language & cultural competency plan, service plan; board and staff training plan; marketing and enrollment plan for prepaid health plans)	
		Annual Planning Retreat	Review Planning Retreat Report		
	Review and approve Financial Status Report (FSR)	Submission of FSR to HRSA	Review Catchment Area, Service Contracts and Fee Schedule		Review prior year's Audit; review reconciliation between FSR and Audit
Committee to tabulate board self-evaluation results and place in report for review by full board	Review Board Self-Evaluation Report				
	Corporate Compliance Report			Corporate Compliance Report	
Quality Assurance/ Risk Management Report +		Credentialing/ Privileging Issues	Quality Assurance/ Risk Management Report		
	Review Community Needs Assessment as needed				

### Months 7 through 12

Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Review and approve minutes of last month's meeting	Review and approve minutes of last month's meeting	Review and approve minutes of last month's meeting	Review and approve minutes of last month's meeting	Review and approve minutes of last month's meeting	Review and approve minutes of last month's meeting
Review and approve Budget to Actuals	Review and approve Budget to Actuals	Review and approve Budget to Actuals	Review and approve Budget to Actuals	Review and approve Budget to Actuals	Review and approve Budget to Actuals
					Nominate new board members to replace outgoing members/ vacancies
Review & Approve Next Year's Section 330 Budget	Finance Committee Review & Approve Application or renewal materials	Full Board's review & approval of budget/ grant renewal documents	Submission of grant application or renewal documents		
		Submission of independent audit of prior FY (w/in 9 months of close of FY)			
		Committee to determine CEO evaluation instrument	Committee to determine Board Self-Evaluation Instrument	CEO Evaluation; Committee to compile results	Board Self-Evaluation; Share CEO evaluation results with board and CEO; get CEO's input on his/her evaluation
	Corporate Compliance Report			Corporate Compliance Report	Review and approve compliance work plan and budget for next year
Quality Assurance Report		Credentialing/ Privileging Issues	Quality Assurance Report		

\* Note: Month 1 in this example is the month the health center's § 330 grant funds begin; this chart assumes that Month 1 coincides with the start of the fiscal year. Placement of items on this chart is flexible, for example the annual meeting need not occur in Month 1. This chart should serve only as a planning tool for health center boards.

+ Note: Quality assurance report may be coupled with corporate compliance report.



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