

Financial Management Policies for Federal Funds

Administrative Financial Management Policies

Quality Assurance and Quality Control Policies

2 CFR 200 Policies

Calhoun Liberty Hospital



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Amendment Log

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Financial Management Policies

Calhoun Liberty Hospital (The Hospital) will strive to perform financial management activities which conform to 2 CFR 200.302. This includes making a best attempt to generate and/or maintain:

- Accurate, current and complete disclosure of the financial results of relevant federal projects or programs;
- Records that identify the source and use of funds for federal project activities. These records may contain information pertaining to grant awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest;
- Effective control over and accountability for all funds, property and other assets. The Hospital will work to safeguard all assets and assure that they are used solely for authorized purposes;
- Comparison of expenditures with budget amounts for each Request for Funds (RFF);
- Allowable, reasonable, and allocable costs for federally-funded expenditures, per 2 CFR part 200 (and 2 CFR 200 Subpart E titled “Costs Principles”); and,
- Cost accounting records that are supported by backup documentation.

The Hospital will endeavor to utilize funds prudently, comply with federal statutes, regulations, and terms and conditions of CDBG awards, and implement internal controls and account management requirements.

Financial Management System, including 2 CFR 200 Policies

The Hospital’s Financial Management Staff, as well as contractual assistance when necessary, will oversee CDBG financial management. To support that federal CDBG funds are spent in accordance with guidelines and regulations, the Hospital may implement the following:

Federal awards can be recorded in a grant management system such as Microsoft Excel, Access, Google Sheets, or other software, including the following information:

- CFDA title and number
- Federal award identification number and year
- Name of Federal Agency
- Name of pass-through entity

Financial records may include source documents, process files, permanent files, CDBG-DR accounting records, cash control register, accounting for cash receipts, accounting for cash

disbursements, and reasonable, allocable, and allowable costs, per 2 CFR 200. Program income is treated in the Hospital's Program Income policy.

CDBG-funded activities will strive to include grant management system records, including the following:

- Authorizations
- Obligations
- Unobligated or unexpended balances
- Assets
- Expenditures
- Program income
- Interest

The Hospital's grant management system software may include records of the following source documentation:

- Purchase orders
- Invoices
- Contracts and Agreements
- All records pertinent to the CDBG award

The Hospital's accounting system – which complements the grant management system – may include following elements:

- Chart of accounts – listing account names and numbers assigned to each account.
- Cash receipts journal
- Cash disbursements journal
- Payroll journal
- General ledger

Hospital Financial Management staff may compare actual expenditures with budgeted amounts for all CDBG award budget categories, as necessary.

Staff will attempt to log accurate, current, and complete disclosure of financial results of the CDBG award in the Financial Management System, including:

- Encumbrances for executed contracts or costs accrued on approved purchase orders;
- Documentation for encumbered costs on approved contracts or purchase orders.

The Hospital will strive to make all purchases utilizing CDBG funding on reasonable, allocable, and allowable costs, per 2 CFR 200. This includes:

- The Hospital's CDBG Procurement Policy will further dictate thresholds for quotes, bids, and procurement.
- The Hospital will observe limitations on costs set forth in 2 CFR 200.420-200.476, namely:
 - Bonding Costs (200.427)
 - Equipment and other capital expenditures (200.439)
 - General costs of government (200.444)
 - Insurance and indemnification (200.447)
 - Professional Service costs (200.459)
 - Training and education costs (200.473)
 - Travel costs (200.475)

The Hospital will consult 2 CFR 200 Subpart E, Cost Principles, to determine whether other costs anticipated to be incurred include federal guidance.

Financial Management records will be kept in a manner that allows accurate, current, and complete disclosure within reports required by Florida Department of Economic Opportunity, and by extension, U.S. Department of Housing and Urban Development. Records will be maintained for three years, in accordance with the DEO Hurricane Michael policy.

Generally, the Hospital will follow a cost-reimbursement contract model. This will eliminate any elapsed time from CDBG funds receipt and actual disbursement, in that funds will have already been spent by the time CDBG reimbursement occurs.

If a cash advance or working capital method is utilized, Hospital financial management staff and applicable contractual service providers will use project activity timeline and budget dates to minimize elapsed time between funds receipt and disbursement.

To provide reasonable assurance that The Hospital is managing CDBG funds in compliance with Federal statutes, regulations, and terms and conditions of each award:

- The Hospital will obtain a Single Audit for each year in which \$750,000 or greater of federal funds are spent.
- Per the Organizational Chart, Hospital Staff and applicable contractual support will review decisions to ensure that effective control over and accountability for all funds, property, and other assets are maintained.

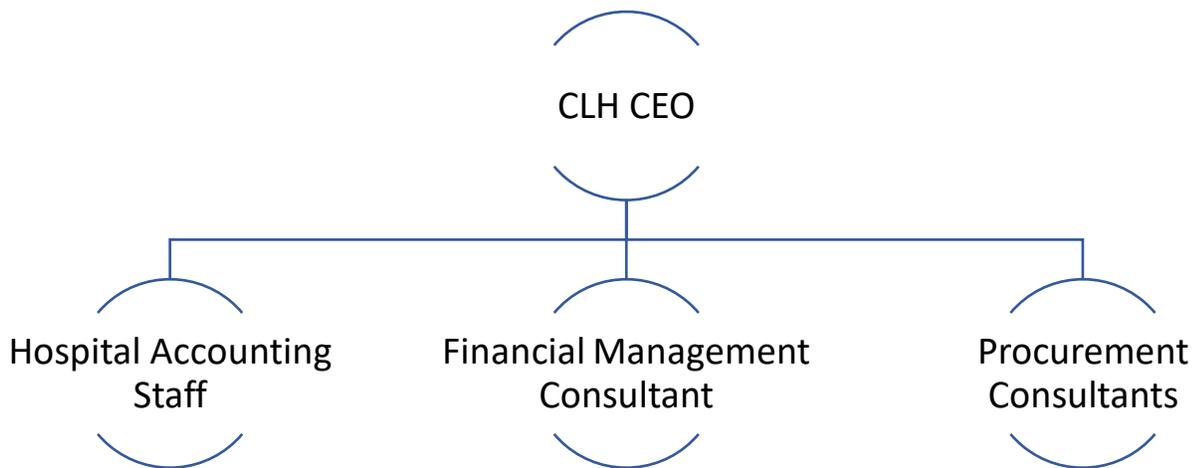
Recapture of funds may be initiated for provision of false information, project withdrawal, incomplete construction, or related activities, as determined to have had a negative financial impact on the project by the hospital

CDBG Financial Management Roles and Internal Controls

The Hospital will practice Internal Controls to the extent feasible, given chronic staff shortages, regarding management of federal award monies, including:

- Distributed control of transactions,
- Maintaining record keeping separate from asset custody,
- Reconciliation of cash balances with bank statements,
- Clear lines of responsibility, and
- Separation of payroll and paycheck duties.

The Hospital’s current financial organizational hierarchy consists of the following:



Currently, the CEO oversees financial operations, with tasks distributed to Hospital Accounting Staff, the Financial Management Consultant, and Procurement Consultants as applicable.

Quality Assurance and Quality Control (QA / QC)

Quality Assurance and Quality Control (QA/QC) measures may be taken at various phases to ensure that monies are being spent in accordance with federal financial management policy for the Hospital, and that construction is implemented in a timely fashion, at the level of service required.

The operation of the Hospital's federally funded project does not consist of other typical Emergency Management or Housing operations, involving homeowner buyout or construction of new affordable housing. It consists of improvements and new construction to a critical access rural hospital facility.

As such, the hospital and applicable financial management consultants may oversee construction contractors and associated entities to monitor project progress toward delivery of adequate facilities. This may include:

- Monthly review of required CDBG documentation, such as Davis-Bacon wage rate reports;
- Monthly or quarterly review of Requests for Payment, alongside visits to the project site to verify construction progress in accordance with invoice components;
- Monthly or quarterly verifications of construction contractor supply inventories and staff, determining adequate materials and qualified labor for the project;
- Regular check-ins with prime and sub-contractors via telephone or zoom as deemed necessary by the Hospital CEO to determine project progress, and to request information or updates on any and all project components.
- Review of invoicing against bid submission breakdowns to determine whether actual costs remain in line with the official bid.

The Hospital CEO may define additional financial management roles as need be and add to hospital staff and/or contractors to help ensure that adequate quality is being attained.

Quality Control procedures will be implemented with impartial, unbiased professional care, to the greatest extent feasible.

If the CEO or a staff person finds a QA/QC issue, they will verify its source through the hospital's chain of command and then notify the applicable staff at Florida Department of Economic Opportunity. Communication of QA/QC issues to a contractor may be initiated by the Hospital or the State or Federal agency.

A quarterly QA/QC report may be maintained to retain documentation of ongoing efforts to ensure quality product delivery, within cost and time parameters, of any federally funded projects.