

# **Health Center Program Site Visit Protocol: Budget**

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# BUDGET

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**Primary Reviewer:** Fiscal Expert

**Secondary Reviewer:** N/A

**Authority:** Section 330(e)(5)(A) and Section 330(k)(3)(l)(i) of the Public Health Service (PHS) Act; and 45 CFR 75.308(a) and 45 CFR 75 Subpart E

## Document Checklist for Health Center Staff

### Documents Provided Prior to Site Visit:

- Updated Annual Budget for the health center project (if updated since last application submission to HRSA)
- Financial Management Procedures (for context and background on budget development process)
- Most recent annual audit and management letters or audited financial statements (as reference for any other lines of business)

### Documents Provided at the Start of the Site Visit:

- Budget to Actual Comparison Reports for the current fiscal year and the prior fiscal year
- Separate organizational budget(s) (if applicable) (in situations where the health center has an organizational budget that is separate from the budget for the health center project)

## Demonstrating Compliance

### Element a: Annual Budgeting for Scope of Project

The health center develops and submits to HRSA (for new or continued funding or designation from HRSA) an annual budget, also referred to as a “total budget,”<sup>1,2</sup> that reflects projected costs and revenues necessary to support the health center’s proposed or HRSA-approved [scope of project](#).

#### Site Visit Team Methodology

- Review health center’s most current annual budget for the health center project.

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<sup>1</sup> A health center’s “total budget” includes the Health Center Program [federal award](#) funds and all other sources of revenue in support of the health center [scope of project](#).

<sup>2</sup> Any aspects of the requirement that relate to the use of Health Center Program federal award funds are not applicable to [look-alikes](#).

- Review Budget to Actual Comparison Reports for the current fiscal year and the prior fiscal year.
- Review Financial Management Procedures.
- Review health center's approved scope of project (Form 5A and 5B), including any special populations funding or designation. Determine if there has been any change in the scope of project since the last Health Center Program application which impacts the current budget.
- Interview health center Project Director/CEO, CFO, and/or financial staff to understand budget formulation process (for example, budget assumptions), including any variances or questions raised by the review of Budget to Actual Comparison Reports.

## Site Visit Findings

1. Has the health center developed an annual operating budget that is reflective of the projected costs and revenues necessary to support the health center's HRSA-approved scope of project (i.e., reflects revenue and expenses for all sites, services, and activities within the scope of project)?

YES       NO

If No, an explanation is required:

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## Element b: Revenue Sources

*In addition to the Health Center Program award, the health center's annual budget includes all other projected revenue sources that will support the Health Center Program project, specifically:*

- *Fees, premiums, and third-party reimbursements and payments that are generated from the delivery of services;*
- *Revenues from state, local, or other [federal grants](#) (for example, Ryan White, Healthy Start) or contracts;*
- *Private support or income generated from contributions; and*
- *Any other funding expected to be received for purposes of supporting the Health Center Program project.*

## Site Visit Team Methodology

*N/A – HRSA assesses whether the health center has demonstrated compliance with this element through its review of the competing continuation application (Service Area Competition (SAC) or Renewal of Designation (RD)). No onsite review of this element is required.*

## Site Visit Findings

*N/A – HRSA assesses whether the health center has demonstrated compliance with this element through its review of the competing continuation application (SAC or RD). No onsite review of this element is required.*

## Element c: Allocation of Federal and Non-Federal Funds

*The health center's annual budget identifies the portion of projected costs to be supported by the federal Health Center Program award. Any proposed costs supported by the federal award are consistent with the federal cost principles<sup>3</sup> and the terms and conditions<sup>4</sup> of the award.*

### Site Visit Team Methodology

*N/A – HRSA assesses whether the health center has demonstrated compliance with this element through its review of the competing continuation application (SAC or RD). No onsite review of this element is required.*

### Site Visit Findings

*N/A – HRSA assesses whether the health center has demonstrated compliance with this element through its review of the competing continuation application (SAC or RD). No onsite review of this element is required.*

## Element d: Other Lines of Business

If the health center organization conducts other lines of business (i.e., activities that are not part of the HRSA-approved scope of project), the costs of these other activities are not included in the annual budget for the Health Center Program project.<sup>5</sup>

### Site Visit Team Methodology

- Interview health center Project Director/CEO, CFO, and/or financial staff to determine whether the health center operates other lines of business.
- Review any separate organizational budget(s) (if applicable).
- Review health center's approved scope of project (Form 5A and 5B).
- Review most recent audit or audited financial statements to determine if there are other lines of business.

**Note:** *Net revenue from other lines of business may be included in the health center project's operating budget.*

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<sup>3</sup> See 45 CFR Part 75 Subpart E: Cost Principles.

<sup>4</sup> For example, health centers may not use HHS federal award funds to support salary levels above the salary limitations on federal awards.

<sup>5</sup> As these other lines of business are not included in the health center's total budget, they are not subject to Health Center Program requirements and not eligible for related Health Center Program benefits (for example, payment as a Federally Qualified Health Center ([FQHC](#)) under Medicare/Medicaid/CHIP, 340B Drug Pricing Program eligibility, Federal Tort Claims Act (FTCA) coverage).

## Site Visit Findings

2. Does the health center engage in any other lines of business (i.e., the health center serves other populations or operates sites, services, or activities that are NOT within the HRSA-approved scope of project)?

YES       NO

3. **If Yes:**

- o Can the health center document that these other lines of business are fully supported by non-health center project revenues?

YES       NO       NOT APPLICABLE

- o Can the health center document that all expenses from such other lines of business are excluded from the annual operating budget for the health center project?

YES       NO       NOT APPLICABLE

If No was selected for any of the above, an explanation is required:

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