

**SUSQUEHANNA COMMUNITY HEALTH AND DENTAL CLINIC, INC.**

**Finance and Audit Committee Meeting Minutes**

**June 8, 2020 5 PM**

**PRESENT:** Barb Barbus, Board Secretary; Phil Allen, Senior Accountant; Max Houseknecht, Jr., CFO; and Jim Yoxtheimer, President & CEO

**PRESENT VIA ZOOM:** Dewy Hilliard, Board Treasurer and Adanma Akujieze

**I Baker Tilly Audit Plan**

Deb Bowes, Partner and Kate Hoover, Manager from Baker Tilly were present via zoom to present the audit FY19 audit plan to the Committee. Deb defined what is expected from management as well as what management should expect from Baker Tilly.

Kate Hoover reviewed the deliverables expected from Baker Tilly which includes, but not limited to, the audited financial statements, single audit for federal awards, prepare tax returns, prepare cost reports, and prepare data collection form. The audit includes consideration of internal controls over financial reporting as a basis for designing their audit procedures, but not for the purpose of expressing an opinion on the effectiveness of RVH&DC's internal controls over financial reporting.

Kate reviewed the audit timeline which included the preliminary fieldwork which started this week (week of June 8). Final fieldwork is scheduled for September 9 – 18. Baker Tilly will present the final audit to the Finance and Audit Committee at their October meeting and, if approved by the committee, will be presented to the Full Board in October as well.

**II May 2020 Financials**

The highlights of the Financial Report were reviewed for May 2020 as were set forth on the summary provided to the committee, which is hereby incorporated for all purposes herein. Max reported that for the month of May there was a deficiency of revenues over expenses of \$564,912. This brings the YTD deficiency of revenues over expenses to \$1,073,502. As expected, visits were severely impacted due to the COVID-19 pandemic. Patient revenue was under budget for the month by \$486,242.

Max reviewed the other revenue analysis as follows: 340B drug program income (contract pharmacy) was over budget by \$26,562 due to the delay in Wegmans 340B reports from CaptureRx. Federal community health center base funding was under budget by \$181,382 due to the utilization of the PPP Loan funds to cover the cost of payroll expenses. Supplemental federal grants revenues were over budget by \$64,116 due to drawdowns associated with supplemental awards not initially budgeted, such as COVID-19, OHI, QI, and SUD-MH funds.

Phil reported the Expense Analysis as follows: Expenses were over budget by \$117,776. Total salaries and wages were over budget by \$24,213 due to higher than normal PTO accruals due to a lack of staff vacations originally budgeted due to COVID. Total fringe benefits & payroll expenses were under budget by \$25,453 due largely to savings in health insurance costs from the switch to UPMC. Medical supplies were over budget by \$5,845 due to increased costs associated with COVID-19. Dental supplies were under budget by \$6,586 due to decrease in visits associated with COVID-19. Environmental supplies were over budget by \$9,844 due to additional cleaning measures associated with COVID-19. Telepsych services were over budget by \$18,104 due to an under-accrual on a prior month's service. Maintenance contracts/building repairs were over budget by \$4,449 due to costs associated with COVID-19.

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Phil reviewed the Balance Sheet highlights as follows: Accounts payable was at \$171,581 which is an increase over the prior month of \$100,460. Accrued PTO payable increased by \$39,204 and Accrued med leave payable increased by \$18,958. Super money market fund balance is \$171,396.66 with no transfers occurring for the month of May. Total unrestricted cash, including super money market fund, at month-end was \$1,578,256 which is a decrease over the prior month of \$280,348.

**Motion #1 Barb Barbus made the motion to recommend approval of the May 2020 Financial Report to the Full Board. Dewy Hilliard seconded the motion. The motion passed unanimously.**

- **Dashboard:** Max reported the highlights of the Dashboard as follows: Ned days in A/R was 26. Days in A/P was 46.04. Days Cash on Hand decreased to 37.86. Current ratio decreased to 1.40.

**III COVID-19 Grant Budget**

Max reported the Center was awarded a grant titled COVID H8E funding in the amount of \$354,000 which is to be used for COVID-19 testing. Management has come up with a way to spend approximately \$150,000 for a rapid testing unit. It is a “miniature” version of the current mobile unit, a van, that would allow us to go into the community and do testing. Testing performed could be the rapid testing, traditional testing, and when available, serology antibody testing. The patient would not have to enter the unit, the patient would step under the canopy and there temperature would be checked with infrared technology. They could interact with the provider via telehealth visit. The MA or nurse on the unit could administer the testing. The delivery time-line is anticipated for 3 months. Once COVID is behind the van could be repurposed to do other testing and at health fairs.

Unlike previous grants, this grant is limited to testing. Management was challenged to find something larger to purchase or the monies would have to be returned.

Some health centers have declined the latest grant monies, however NACHC has advised us not to turn the money away, as it may not be offered in the future.

**IV Federal 330 Grant Remaining Funds/Carry Forward**

Max reported that as of June 1 the Center is in the FY21 grant cycle and are currently in the run-out period through August. As you can see there are quite a few grants with remaining funds and management is working through to spend as much as possible with the caveat that COVID has thrown a wrench in plans to spend down. The appropriate carryforward requests will be submitted. There will be more detail available next month.

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- **Remaining SAC 2020 Funds:** Max reported the Center received the remainder of the FY21 SAC grant monies.
- **COVID H8E Funding:** This grant has been discussed above.

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**VI Policy Updates**

Max reminded the committee that, according to HRSA guidelines, the Financial Control Policy Manual needs to be reviewed twice per year. After this review, those requirements will have been met, although policies will be updated again if the need arises. The following is a summary of the changes recommended:

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- **Payroll Processing:** Added verbiage to allow a designated individual designated by the HR Manager to process payrate changes and/or new hire additions. Also indicates this must be signed off on by the CEO as dual control.

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- **Federal Grant Cash Drawdowns:** The Senior Accountant was added to establish permission and authority to draw down funds from the Payment Management System (PMS), the federal financial system that disperses grant funds. Senior Accountant was also added to have formal authority and permission to complete required quarterly and annual PMS financial reports. Verbiage was added indicating the Senior Accountant shall only complete drawdowns in the event that the CFO is unavailable and/or unreachable by phone.

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- **Legislative Mandates Restricting the Use of Federal Grant Fund:** Dates were changed to reflect the current fiscal year. Divisions changed under the current Legislative Mandates. Salary limitation used from federal grant funds was changed from 189,600 to 197,300 as of January 2020.

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- **340B Policy:** Inserted the current 340B policy into the Financial Control Manual with restructuring and enhancements.

**Motion #2 Adanna Akujieze made the motion to recommend approval of the updates to the Financial Control Policy Manual. Barb Barbus seconded the motion. The motion passed unanimously.**

**VIII FY21 Budget Meeting Reminder**

- **June 9, 2020 @ 5:15 PM:** Max reminded the Committee of the Budget meeting scheduled for Tuesday, June 9 at 5:15 pm. Zoom information has already been sent out for those who will be joining the meeting via zoom.
- **Full Board Session:** Max indicated he would like to have a Full Board Budget discussion, then at the Full Board meeting it would be a high-level summary. This would avoid long discussions at the Full Board meeting regarding budget. This meeting would obviously not be required, but an option given.

**Next Meeting: July 13, 2020 at 5 PM Administrative Conference Room, 431 Hepburn Street**