

Appendix B

Los Medanos Community Healthcare District Recordkeeping & Reporting Requirements

Purpose: The Los Medanos Community Health Care District (“LMCHD” or “District”) has policies and procedures in place to ensure that all District funds are properly accounted for and spent appropriately within LMCHD guidelines. In addition, LMCHD has clearly established mechanisms to provide effective oversight of programs funded with District monies. These policies, procedures, and practices include:

- 1) Clearly published recordkeeping requirements to ensure that grant funds are spent appropriately on approved project activities;
- 2) A mandate that each recipient of LMCHD funds have internal financial controls in place; and
- 3) Standardized reporting requirements to ensure that LMCHD funds are achieving the purposes for which each project or program was funded.

1) Recordkeeping Requirements:

Each LMCHD-funded project must account for all grant expenditures by keeping the following documentation in a separate file for each grant year. Files may be subject to periodic audits as necessary by District staff based upon either scheduled reviews or risk monitoring guidelines that will be established.

- 3rd party receipts or invoices for expenditures using grant funds
- Time and activity reports for staff funded by grant funds

Each project must also have documentation demonstrating that they have minimal levels of financial and organizational capacity to avoid misuse of grant funds, including:

- Most recent financial audit (if performed)
- Copy of 501(c)(3) documentation (if applicable)
- Any existing documentation demonstrating that grant funds are kept separately from personal accounts and/or are tracked separately from other business expenses. E.g., separate business banking account, financial records
- Description of internal system of financial controls/checks and balances, or any policies or supporting documentation that describe this

2) Financial Controls Mandate

All LMCHD-funded projects should use District funds for activities described in grant agreements or other contracts with the LMCHD. Funds may not be used for activities other than those authorized in writing by the District. To control that grant funds are being used appropriately, and to control against waste, theft, inefficiency, for accuracy and reliability

of financial information and to encourage compliance with policies, each grant recipient must have internal controls.

Internal controls refer to the combination of policies, procedures, defined responsibilities, personnel and records that allow an organization to maintain adequate oversight and control of its finances. As such, internal controls reflect the overall financial management system of an organization or agency. Budget controls, cash management, accounting controls, procurement, property controls and audits are sub-parts of the overall financial system.

3) Reporting Requirements

Each project must submit a mid-term report and a close-out report to show that grant funds were used for: (1) the project as described in the grant application, LMCHD contract, or agreement; and (2) to demonstrate the project's success. Each project will report on the following in a standardized close-out report:

- *Project description*: as described in the project application, contract, or agreement and any changes that occurred after the application was approved
- *Number of people served by the grant funds*
- *Outcomes achieved*: a brief description of specific accomplishments achieved using District funds and any supporting data the project may have collected