



**Strengthening Oklahoma's Safety Net,  
One Community At A Time**

## **Board Bulletin**

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### **CHC Stewardship: Safeguarding the Assets**

The center's board is placed in a position of trust by the community and funding sources to protect the center's assets, ensure that the center's income is managed properly, and preserve the center's mission.

#### ***Rules and Regulations - External and Internal***

The board is required to understand and follow all of the external rules and regulations relative to the center 1) being a nonprofit business chartered by the State; 2) being tax exempt and IRS compliant, and 3) receiving multiple funding sources (Federal, State, private), each with specific legal requirements. CHC boards must also abide by the 'internal' rules and regulations found in their organizational and legal documents. The articles of incorporation contain a statement as to why the center was founded, list the center's legal powers and authority, and any limits on that power or authority. Bylaws are detailed rules regarding governance.

#### ***Center Finances, Budget and Audit***

The board must be clear on its role in the financial management of the center and set policies that clearly define revenue and expenses in the budget. CHC boards must monitor the status of income and expenditures and compare the actual financial condition of the center against policies made by the board. To safeguard finances, CHC boards must understand 1) where the money is coming from, 2) how the money is being spent, and 3) how to plan for needed services and growth. The **Budget** is the CHC's business plan - how it will spend the center's revenues to pay for the services it provides. Boards can only monitor budget performance if they have information that is understandable, accurate and timely. To fulfill their role as fiscal stewards, board members should receive monthly fiscal status reports that include a comparison of budgeted to actual expenditures, balance sheet and a forecast of future income and expenditures. While the annual **Audit** is a legal requirement, it also helps protect against financial mismanagement. The audit must be conducted by an independent CPA or accounting firm to comply with federal requirements. A change of CPA firm every few years or, at a minimum, rebidding the audit, is recommended.

#### ***Danger Signs***

**Income sources** -- Federal/State grants or contracts, reimbursement from insurers, collection of patient fees -- must be monitored by the board, whose job includes paying attention to any changes in the law, policies, or fiscal situation that will impact availability or amount of funding. Boards should carefully watch **Expenditures**, particularly staff salaries/benefits and contractual services. Another area to watch for is increases in miscellaneous expense account spending or past due bills. It is the board's responsibility to ask questions if they see expenditures being greater or less than what was budgeted.

If you have questions or want further information, please contact OPCA by phone or e-mail [jgrant@okpca.org](mailto:jgrant@okpca.org). The questions below are provided to help evaluate your board's role as trustees of CHC management.

- \_\_\_\_\_ Are you familiar with rules and regulations for State nonprofits, IRS tax exemption status, and those specific to each of the CHC's funding sources?
- \_\_\_\_\_ Do you monitor budget performance in regard to board policies? Do you review the audit?
- \_\_\_\_\_ Do the monthly financial reports provide you with information to fulfill your role as CHC steward?

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Primary source for OPCA Board Bulletins is the Governing Board Handbook, 2000 developed by U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA), Bureau of Primary Health Care (BPHC), Bethesda, Maryland. Funded by HRSA/BPHC.