



**FINANCIAL POLICIES AND
PROCEDURES MANUAL**

**Health Services of North Texas, Inc.
Financial Policies and Procedures**

Signatures of Approval

Glen McKenzie Date
Board President

Doreen Rue, MSW, LMSW-AP, ACSW, NCG Date
Chief Executive Officer

Pamela Barnes Date
Chief Financial Officer

Copies of the Financial Policies and Procedures shall be maintained by the Chief Financial Officer. They will be reviewed and updated annually and approved by the Chief Executive Officer and Board of Directors. All personnel with a role in the management of fiscal operations are expected to uphold the policies in this manual.

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100 INTRODUCTION, PURPOSE AND SCOPE

101 Introduction

Health Services of North Texas, Inc. (HSNT) accounting records are maintained and all financial reporting is made in accordance with the recommendations of the American Institute of Certified Public Accountants Audit Guide, “Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations” and the Office of Management and Budget Circulars A-110 (45 CFR Part 74), Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, A-122 (2 CFR Part 230), Cost Principles for Non-Profit Organizations and A-133, Audits of States, Local Government and Non Profit Organizations.

This policy and procedure manual is designed to ensure that the organization’s finances are managed with integrity and in an orderly and consistent fashion. Further, the organizational chart should inform this policy by identifying lines of authority, and staff charged with various financial management tasks should be familiar with those lines of authority. As Accounting Officer, the Chief Financial Officer (CFO) has responsibility for maintaining a sound system of internal controls that supports the achievement of the overall policies, aims and objectives of Health Services of North Texas (HSNT) with regard to safeguarding public funds and assets.

HSNT has established Financial Policies that address areas of risk as well as operational efficiency and effectiveness. This document intends to act as a reference point detailing all Financial Policies that have been approved by the Board of Directors (BOD) and sets out the system of internal controls and to reflect changes in staffing, Generally Accepted Accounting Principles, and other changing factors.

102 Purpose of Manual

1. Ensure that assets are safeguarded, financial statements are in conformity with generally accepted accounting principles, and finances are managed with responsible stewardship.
2. Provide mechanisms for meeting the fiscal management and reporting requirements of the Board of Directors, Office of Management and Budget, Health Resources and Services Administration (HRSA), Department of Health & Human Services (DHHS), Internal Revenue Services (IRS), State of Texas and other appropriate agencies.
3. Help provide accurate and informative accounting of all financial transactions of each fund and/or grants.
4. Furnish the means of control for keeping expenses within the limits authorized by the Board of Directors and/or Grantors.
5. Help prevent unwise or improper expenditures before commitments are made.
6. Standardize the fiscal procedures and practices where appropriate.

**200
INTERNAL CONTROL
POLICIES**

Manual:	Accounting
Section:	General Internal Control Policies
Policy Number:	200
Effective Date:	11/2010
Revision Dates:	5/2014, 9/2016
Review Dates:	06/2015

201 Internal Controls Policy

The Chief Executive Officer acting with the HSNT Leadership Team is responsible for maintaining a system of internal controls adequate to assure the safeguarding of Health Services of North Texas' assets, to check the accuracy and reliability of its accounting data, to promote operating efficiency, and to encourage adherence to prescribed financial policies.

A system of internal control consists of administrative control and accounting control, neither of which is mutually exclusive.

1. Administrative controls includes, but is not limited to, the plan of organization and the procedures and records that are concerned with the decision process leading to management's authorization of transactions. Such authorization is a management function directly associated with the responsibility for achieving the objectives of HSNT and is the starting point for established accounting control of transactions.
2. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and with ensuring the reliability of financial records. Consequently, accounting control is designed to provide reasonable assurance that:
 - a. Transactions are executed in accordance with management's general or specific authorization
 - b. Transactions are recorded as necessary:
 - i. To permit preparation of financial statements in conformity of generally accepted accounting principles (GAAP) or any of the criteria applicable to such statements
 - ii. To maintain accountability for assets
 - c. Access to assets is permitted only in accordance with management's authorization
 - d. Recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

202 Record Keeping Policy

To provide an accurate and auditable record of all financial transactions, agency books, records, and accounts must be maintained in conformity with generally accepted accounting principles.

1. No general ledger or vendor accounts may be established or maintained without prior written authorization of the Chief Executive Officer or Chief Financial Officer.

2. All receipts and disbursements must be fully and accurately described on the official financial books and records.
3. No false entries may be made on the books or records nor any false or misleading reports issued.
4. Payments may be made only for actual services rendered or products properly purchased and delivered.
5. If employees have reason to believe that the organization's books and records are not in accord with the foregoing requirements report the matter to employee's immediate supervisor, Chief Executive Officer and the President of the Board in accordance with HSNT Whistle Blower Policy.

203 Conflict of Interest Policy

Board members and employees have a primary responsibility to the organization and are expected to avoid any activity that may interfere, or have the appearance of interfering, with the performance of this responsibility.

1. Outside Activities

- a. Employees may not serve as a consultant to, or as a director, officer, or any employee of an organization that competes, collaborates, refers, receives referrals or has a financial relationship with HSNT or that seeks to do so, unless employees have obtained the prior express written consent of the Chief Executive Officer.

2. Ethical Standards in Bidding, Negotiation and Performance of Government Awards

- a. Health Services of North Texas will observe the laws, rules and regulations that govern acquisition of goods and services. We will compete fairly and ethically for such business opportunities.
- b. Employees involved in the negotiation of grants will make all reasonable efforts to assure that all statements, communications and representations to funding source representatives are accurate and current. Care should be taken by personnel in a position to know to ensure that there are no material substitutions from specifications and that the services or programs provided meet or exceed contractual specifications.

204 Fraud Policy

Our greatest assets are our patients and our people who serve them. We are obligated to both, and to our industry, to operate according to the highest standards of personal and corporate behavior. Health Services of North Texas, Inc. will strive to detect and deter fraudulent activity.

Types: Fraudulent acts can include forgery or alteration of any document or policy; falsifying time sheets or documents; abuse of sick time; theft; billing for services not performed and other irregular billing practices; inflating charges for services or products; false claims; and other improprieties.

1. Fraud Monitoring

- a. HSNT will aggressively investigate and pursue prosecution for fraud, abuse and over-utilization by employees, contract labor or subcontractors without regard to their position/title, length of service, or relationship with Health Services of North Texas, Inc.
 - b. Fraud prevention is conducted by review of monthly financial reports, close monitoring of purchase orders and supporting documentation as well as review of medical billing systems.
 - c. All suspected potential fraud will be investigated and if appropriate, pursued for prosecution.
2. Disciplinary action may include any of the following: termination of employment or contracts, possible prosecution, civil litigation and restitution.
3. All HSNT staff and specifically Managers and Supervisors are responsible for knowing what types of fraud can occur in their departments and for being alert for signs of wrongdoing. Upon discovery of any potential wrongdoing, management staff are responsible for immediately notifying the Chief Operating Officer (COO) and Chief Financial Officer (CFO). Management staff are not to investigate the activity or confront the suspected individual(s).

4. Fraud Detection and Investigation

- a. The COO and/or CFO coordinate the detection and investigation of possible fraud or fraudulent activity and collaborate to deter fraud under the supervision of the Chief Executive Officer. The COO and CFO will monitor and recommend modifications to the corporate anti-fraud strategy as considered necessary. The current anti-fraud strategy objectives are as follows:
 - i. Review of the fraud program to detect and investigate possible fraudulent activity.
 - ii. Monitor and improve, if necessary, training programs to identify certain activities or events that may indicate possible fraud or fraudulent activity.
 - iii. Recommend modifications to existing policies and procedures as investigations warrant and as Health Services of North Texas, Inc.'s business activities change.

205 Liability Insurance Coverage Policy

Health Services of North Texas, Inc. will maintain appropriate insurance coverage as required to safeguard the organizations assets and as required for medical and governmental funding entities.

1. Directors' and Officers' liability insurance will be maintained by HSNT to cover the Board of Directors and all Officers of the corporation.
2. General liability insurance will be maintained covering the administrative, clinical, and outside areas of the clinic.
3. Property and Equipment coverage will be maintained on administrative, clinical, agency owned vehicles, and outside areas of the clinic.
4. Medical malpractice insurance for HSNT Health Center staff members will be maintained through deeming for the Federal Tort Claims Act.
5. Professional liability will be maintained for administrators and employed professionals who maintain licensure not covered under the Federal Claims Tort Act.
6. Volunteers are not covered by FTCA, but some volunteers receive limited liability coverage under the Volunteer Protection Act. A Potential volunteer will be informed of their liability and limited protection before they are allowed to work in the center.
7. Employment practices liability insurance will be maintained covering all risks involving actual or alleged claims that might result from the Human Resource hiring and terminating activities as well as what is customarily construed as the environment of the workplace.

206 Audit Policy

HSNT will have a Single Audit conducted annually by a qualified independent public accountant as required by the Office of Management and Budget Circular A-133.

1. The Board Audit Committee shall approved all contracts with independent financial auditors, utilizing recommendations from the Chief Executive Officer and the Chief Financial Officer.
2. An independent auditor is contracted for a period not to exceed five years.
3. The Chief Executive Officer and Chief Financial Officer shall ensure that the following preparations are made for the financial audit:
 - a) Compiling all requested documentation as early as possible for review by the auditors.
 - b) Arranging sufficient work space, which is convenient to records, files and personnel responsible for the files.
 - c) Ensuring that key staff will be present during the field work.
 - d) Assisting the financial auditors in the preparation of work papers.
4. Financial Statement Format
 - a) The basic financial statements which are examined in an audit are the Statement of Financial Position, the Statement of Operations, the Cash Flow Statement and the most recent UDS Report.

- b) HSNT Board of Directors shall determine the format of the financial statements. The format shall satisfy both internal and external financial reporting need of the organization.
5. Independent Financial Auditor's Report
- a) The independent financial auditor's report shall be the mechanism through which the auditor expresses an opinion or, if circumstances require, disclaims an opinion on such items as:
 - i. The fairness presented in the financial statements relating to HSNT's present financial position.
 - ii. The result of operations and changes in financial position.
 - iii. Conformity with generally accepted accounting principles.
6. Independent Financial Auditor's Management Letter
- a) The independent financial auditor's management letter describes in reasonable detail the objectives and limitations of the internal control system implemented at HSNT.
 - b) The auditor's management letter should indicate whether any identified weaknesses relate to procedures or the implementation of those procedures. The auditor's management letter may also include recommendations for improving procedures, comments concerning corrective action taken or in process, or other appropriate comments related to the financial audit process.
7. Distribution of the Financial Audit Report and Management Letter
- a) The independent financial audit is performed primarily for the government Board of Director's. Therefore, the auditors should formally present their audit report and management letter to the Governing Board of Directors and/or formally designated Committee of the board.
 - b) Distribution of the financial audit report and related documents shall be made to:
 - i. The Governing Board of Directors.
 - ii. The Chief Executive Officer and Chief Financial Officer
 - iii. The Federal Audit Clearinghouse, Bureau of the Census
 - iv. The Office Grants Management, Bureau of Primary Health Care
 - v. And other funding entities as requested
8. The Board of Directors must approve the entire financial audit report before it is released to any person or agency.

207 Contract Review and Approval Policy

It is the policy of Health Services of North Texas that all contracts will be reviewed and approved by the appropriate parties in a timely and professional manner. The Chief Executive Officer will have the final authority to execute all contracts on behalf of HSNT.

1. Employment Contract and Letter of Agreement

- a) Chief Executive Officer's employment agreement with HSNT will be negotiated and approved by HSNT Board of Director's. The Board Chair will be responsible to sign the agreement as negotiated.
- b) All other employment agreements and employment contracts for all positions except as listed above will be negotiated and approved by the Chief Executive Officer. The CEO will ensure each employee is presented with the agreement/contract, and has the authority to sign each agreement as the designated HSNT representative.

2. Services and Supply Contracts

- a) All contracts to purchase or sell services and/or supplies included in the operating budget which total less than \$10,000 in one month period will be reviewed by the Chief Financial Officer and formally approved by the Chief Executive Officer.

3. Agreements with Financial Institutions

- a) Any and all agreements with financial institutions must be reviewed by HSNT's Finance Committee and approved by the HSNT Board of Directors. Further, each agreement must be signed by the HSNT Executive Board of Director Officers; Board Chair and Treasurer or their delegates. These agreements include: Debt Agreements, Banking Agreements and or Line of Credit Agreements.

300**GENERAL ACCOUNTING AND FINANCIAL POLICIES**

Manual:	Accounting
Section:	General Accounting and Financial Policies
Policy Number:	300
Effective Date:	11/2010
Revision Dates:	5/2014, 9/2016
Review Dates:	06/2015

301 Accounting Policy

Health Services of North Texas, Inc. maintains accounting records in accordance with Generally Accepted Accounting Principles and Governmental Standards.

1. Revenues and expenses will be reported on an accrual basis within the MIP fund based accounting software which is used to operate and maintain HSNT's accounting system. HSNT will maintain on a current basis as a minimum:
 - a. General Journal,
 - b. General Ledger,
 - c. Separate or combined Cash Receipts and Expense Register,
 - d. Payroll Register
 - e. Fixed Assets Register for all owned and leased property and equipment,
 - f. In-Kind Journal/Worksheets,
 - g. Cost Center/Program Subsidiary Ledger, and
 - h. Bank statements; reconciled.

The Chart of Accounts is maintained by the CFO and designed to provide the following:

- a. An accurate control for balance sheets, revenue and expenditure accounts by sources or types of funds, by program cost categories and location.
 - b. Easy identification of accounts by their nature and purpose, grouped and categorized in accordance with the organization's reporting requirements for funding sources, program cost center and locations.
 - c. Uniformity, consistency and flexibility in providing adequate financial and accounting data to management and grantors.
2. Financial Reporting Procedures
 - a. Financial reporting will be reviewed in detail monthly by the HSNT Leadership Team and the HSNT Financial Committee consisting of three Governing Board members.
 - b. A summary report will be presented by the Board Treasurer to the full board, monthly.
 - c. The CFO produces a Statement of Financial Position, Statement of Operations, Statement of Cash Flows and Financial Ratio worksheet monthly.
 - i. The Statement of Financial Position show the current month, last month and last year end information.
 - ii. Statement of Operations show the current month, last month, the year to date and last year to date information.
 - iii. Summary reports roll up multiple detailed accounts into a more general account for easier understanding by all Board members.

3. Signatories for HSNT checks may be issued for expenses that are part of the operating budget and is approved by the Board of Director's.
 - a. All checks written in the name of HSNT must have two signatures for amounts over \$500 (two senior leadership team members designated on the banking corporate resolutions).
 - b. Checks written to vendors on behalf of patients of the health center such as housing and insurance premium payments must have two signatures. These checks are written from a separate account titled "AD Access".
 - c. All HSNT checks presented for authorizing signature must have a copy of the invoice and or supporting documentation clearly documenting the reason for issuing the check.
 - d. Under no circumstances will a blank check or a check from the HSNT checking account(s) lacking appropriate supporting documentation be signed.

5. Accounting for Expenses

- a. The Chief Financial Officer is responsible for maintaining the integrity of HSNT's financial accounts and reports. (i.e. assigning separate individuals to financial responsibilities which will segregate the financial accounting process).
- b. HSNT accounts payable will be processed monthly or sooner if due dates require.
- c. The Accounting Manager will coordinate the receipt and filing of packing slips and invoices until they are prepared for payment.
- d. Each invoice must be reconciled and approved before it is paid.
- e. A copy of each invoice and supporting documentation will be retained as part of HSNT's financial files.
- f. Approved members of the HSNT Leadership Team are authorized to approve invoices for payment.
- g. The Accounting Manager will manage the access to HSNT's blank check stock. Blank checks are to be stored in a locked filing cabinet.

302 Journal Entry Review Policy

A journal entry register is maintained and reviewed by appropriate accounting staff monthly. The CFO and Accounting Manager are authorized to process journal entries.

- a. The CFO will review and initial each journal prepared by the Accounting Manager. The Accounting Manager will review and initial each journal prepared by the CFO.
- b. Recurring Journal Entries are categorized as recurring and do not require individual authorizations. The following entries are categorized as recurring:
 - i. Monthly AR adjustments for Patient Service charges, sliding fee scale adjustments, Contractual adjustments (EOB, MCR, MCD, etc.), bad debt write off per policy guidelines, bounced checks, EOB transfers to patient balances, refunds per policy guidelines, patient payments received and recurring capital equipment depreciation determined by policy guideline.

303 Operating Budget Policy

Health Services of North Texas, Inc. prepares a budget with second year estimates annually. Board approval is required for the Center's fiscal operating budget.

1. The operating budget derives from and includes:
 - a. Patient Service Revenue - An estimate of the number of encounters and average charges from each of the Center's Service Sites broken down by payer mix (Medicaid, Medicare, Private Insurance and Self Pay) to reflect anticipated collectable net revenue from all patient services.
 - b. Governmental Income – HRSA's Services Area Competitions grant is expected to be drawn in equal portions throughout the grant year. All other Federal, State and Local grants and contracts with anticipated income disbursements are individually determined by their associated contracts, memorandum of agreements or outlays pertinent to their explicit purposes.
 - c. Additional Revenue:
 - i. Fundraising
 - ii. Donations
 - iii. Space Rentals
 - d. Other Miscellaneous income
 - e. Expenses – based on historical data and anticipated requirements from Department heads for the upcoming fiscal year, annual expenditures are estimated into Personnel, Medical Services, Patient Care, IT, Occupancy and Operating Cost expense categories.
2. Estimated Statement of Financial Position is prepared for board review.
3. Budget Revisions
 - a. It is recognized that goals and objectives change within the budget year. Budget activity is modified to reflect conditions which have developed since its original preparation.
 - b. If a revision represents a significant change in financial activity and more than a 25% change of income or expense category, it requires prior Board approval. Some examples of a need to revise the budget are major changes in assumptions concerning the following:
 - i. Funding level or other sources of revenue
 - ii. Changes in programs or activities
 - iii. Changes in on-going expenses items, such as increased cost of contractual services or insurance
 - iv. Changes in staffing
 - c. All revisions will be clearly documented as to the reason (i.e. change assumption)
4. If there becomes an instance where an item needs to be purchased that is not in the current budget, and has a value of \$5,000.00 or greater, the CEO and/or CFO shall present the reason for need of the items to the board of directors for purchase approval. If there is an urgent need for the item, which may not wait until the next consecutive board meeting, the reason for the need will be presented to the Executive Committee for approval of the purchase.

5. No unbudgeted item in excess of \$1,000.00 shall be purchased before proper approval is obtained.

304 Bank Account Policy

The HSNT Finance Committee has the authority to approve the opening of all bank accounts, designate signatories and must report the opening of each new account to the HSNT Governing Board.

1. The closing of accounts is executed at the direction of the HSNT Finance Committee and the Chief Executive Officer must report to the board when an account is closed.
2. The Treasurer or designee, along with the HSNT Finance Committee, has the authority to authorize banking accounts and approve the balance for investments.
3. The CFO has the responsibility for obtaining signature cards, providing the bank with corporate resolutions and coordinating bank services and fees.
4. Reconciliation:
 - a. Operating bank accounts (listed below) will be reconciled to the bank statements monthly.
 - i. HSNT Operating (Wells Fargo)
 - ii. AD Access (Wells Fargo)
 - iii. American National Bank (ANB)
 - b. Investment CD accounts will be reviewed monthly and reconciled annually.
 - c. Reconciliation shall be performed by an individual who is independent of the receipt recording and expense recording process.
 - d. The reconciliation for each account will be reviewed and initialed by the CFO and approved by the CEO. Bank reconciliation detail will be made available to the Finance Committee monthly.
5. Outstanding checks will be reviewed monthly.
 - a. The appropriate staff member will contact the Payee who has an outstanding check over 90 days. The payee will be notified they have a check that has not been cashed and inquire if it will be in the near future.
 - b. Further inquiry will ask payee if said check has been lost, misplaced or destroyed and if Payee wishes to have the check replaced or consider the amount as a tax deductible donation.
 - c. In the event that attempts to reach the payee fail, a final attempt will be made by mailing a letter to the Payee stating information listed above. Additionally, this letter will give the payee a deadline to notify, a mailing address and phone number to respond.
 - d. If no response is received, a list of outstanding checks six (6) months or older will be presented to the CFO for approval to remove from the outstanding check list.
6. Other Banking Accounts

- a. A designated (AD Access) checking account is maintained separately for payments made to vendors on behalf of our consumers.
 - b. Checks written from this account are intended but not limited to consumer rent, mortgage, utility payments, insurance premiums, co-pays and deductibles.
7. Signature and Other Lines of Authority
- a. The Chief Executive Officer is the authorized signatory on all legal agreements. In the absence of the CEO, the COO will assume this authority.
 - b. Checks written for \$500.00 or more require a second signature.
 - c. Any check written on behalf of a consumer from the AD Access account requires two signatures.
 - d. In the absence of the CEO and COO, the CFO is authorized to sign checks in order to avoid delay in making payments.

305 Capital Property and Equipment Policy

Health Services of North Texas will maintain capital property and equipment accounts separate and distinct from regular General Ledger accounts.

1. Capital equipment is defined as any equipment having an initial cost of five thousand dollars (\$5,000) or more and a useful life span of more than one (1) year.
2. Capital equipment shall be purchased according to purchasing policies as outlined in the policy manual.
3. The CFO will ensure an inventory list of all HSNT's assets is maintained.
4. New equipment and/or assets shall be added to the existing inventory list immediately after the item is acquired and put into service.
5. Capital equipment will be inventoried annually in conjunction with the external financial audit.
6. A depreciation schedule for capital equipment and assets shall be established in accordance with generally accepted accounting principles.
7. The following processes shall be utilized in the disposition of capital equipment and/or assets:
 - a. An item which has reached the end of its useful life, but retains some monetary value may continue to be used or be traded as partial payment toward a new piece of capital equipment of similar function and usefulness.
 - b. An item of capital equipment which is has been damaged so as to render it valueless or which has reached the end of its useful life and retains no monetary value, may be discarded. In the case of damage or destruction to property, the appropriate insurance carrier should be contacted to determine whether the property is covered under the policy.

- c. An item of capital equipment which is no longer necessary, but retains usefulness or monetary value may be declared surplus. If an item determined to be surplus was originally purchased in whole or in part with federal, state or local grants funds, the appropriate granting agency will be contacted as necessary to advise on the appropriate disposition of the item. Items donated to HSNT or not purchased in whole or part through federal, state or local grants funds and declared surplus, may be sold with the proceeds of such sale being used to further the mission of Health Services of North Texas services and activities.
 - d. At any time that HSNT ceases to exist under the law, assets of HSNT, including capital equipment, will be disposed of according to the rule governing 501(c)(3) Corporations, as stated in the bylaws of Health Services of North Texas. Granting agencies will be contacted prior to the disposition to determine the existence of any legitimate interest in such equipment by such agencies and to advise legal disposition of equipment if such an interest exists.
8. The Chief Financial Officer shall ensure that appropriate documentation of all trades, dispositions, sales, etc. of Health Services of North Texas property is maintained.
 9. The Chief Financial Officer shall ensure that all existing laws, regulations, guidelines, etc. are followed whenever Health Services of North Texas property is traded, disposed of, sold, etc.
 10. Adequate property insurance coverage shall be purchased and maintained. At a minimum, such insurance coverage shall be enough to replace Health Services of North Texas property at either fair market value or replacement value.

306 Procurement Policy

Health Services of North Texas is committed to ensuring that goods and services are purchased in an effective and efficient manner that provides, to the maximum extent practicable, open and free competition which are in compliance with provisions of applicable federal statutes and executive orders. HSNT follows the procurement standards set forth by U. S. Department of Health and Human Services in the Code of Federal Regulations. The procedures are established to accomplish this objective:

1. Code of Conduct:
 - a. No Board member, officer, employee or agent will participate in the selection, award, or administration of a contract supported by federal funds if a real or apparent conflict of interest would be involved.
 - b. "Conflict" is defined as a situation under which the Board member, officer, employee, agent, any member of his or her family, business partner or any organization which employs or is about to employ any of these parties, has a financial or other interest in the person or firm selected for an award.
 - c. No Board member, officer, employee or agent will solicit or accept gratuities, favors or anything of monetary value from contractors, or parties to sub-agreements.

- d. Contractors that develop or draft grant applications or contract specification, requirements, statements of work, invitations for bids and/or requests for proposals are excluded from competing for such procurements.
 - e. All submitted bids must fulfill all requirements of the RFP.
2. HSNT will make contract awards to the bidder whose bid or offer is responsive to the solicitation and is most advantageous to the agency in terms of price, quality and other factors and award determination is at the sole discretion of HSNT. HSNT will set forth all requirements that the bidder shall fulfill in order for the bid or offer to be evaluated. HSNT reserves the right to reject any and all bids or offers when it is in the HSNT's best interest to do so.
 3. HSNT will avoid practices that may restrict or eliminate competition.
 4. Contract solicitations will clearly express requirements and will avoid "steering" any contract to a particular contractor.
 5. Contract solicitations will contain an option permitting the agency, at its sole discretion, to reject all bids if it is in HSNT's best interest to do so.
 6. HSNT will not purchase unnecessary items.
 7. Where appropriate, HSNT will perform an analysis of lease and purchase alternatives to determine the most economical and practical procurement.
 8. HSNT will make reasonable efforts to solicit and utilize small businesses, minority-owned and women's business enterprises.
 9. HSNT will only contract with responsible contractors who possess the ability to perform successfully under the terms and conditions of the proposed procurement. HSNT will consider factors such as integrity, past performance, financial and technical resources and accessibility to such resources.
 10. Procurement Records and Files:
 - a. HSNT will establish and maintain procurement records and files. The health center will document in the procurement files some form of cost or price analysis made in connection with every procurement action.
 - b. For any contracted service (other than equipment-specific technical support), HSNT procurement file will include:
 - i. Basis for selection of the contractor.
 - ii. Justification for lack of competition when competitive bids or prices are not obtained.
 - iii. Basis for award cost or price and method of determining cost.
 11. Contract Administration. Contracting for services will include but is not limited to:
 - a. Scope of Work
 - b. Payment Provisions
 - c. Record-keeping Requirements

- d. Access to Records Requirements
 - e. Reporting Requirements
 - f. Confidentiality and HIPAA Compliance
 - g. Proprietary Information Provisions
 - h. Copyright Issues/Property Ownership
 - i. Suspension and Termination Clauses
 - j. Indemnification and Insurance Mechanisms
 - k. Time of Performance
 - l. Governing Law
 - m. Entire Agreement Clause
12. Insurance and Indemnification will be required as appropriate and provide the agency with certificates of insurances evidencing the insurance coverage.
13. HSNT will maintain a system for contract administration that ensures contractor compliance with the terms, conditions and specifications of the contract as well as adequate and timely follow up of all purchases. HSNT will evaluate and document contract performance in terms of whether the contractor has met the terms, conditions and specifications of the contract.
14. Oversight and Monitoring
- a. HSNT will require the contractor to develop, maintain and furnish programmatic records and reports which pertain, directly or indirectly to the services provided by the contractor and which HSNT may reasonably deem appropriate and necessary for the monitoring and auditing of the contract.
 - b. HSNT will require the contractor to prepare and maintain financial records and reports, supporting documents, statistical records, and all other books, documents, papers or other records pertinent to the contract for a period of three (3) years from the date the contract expires or is terminated or, if an audit, litigation, or other action involving the records is started before the end of the retention period, until the end of the retention period or until the audit, litigation, or other action is completed, whichever is later.
 - c. The contractor is required to make available to HSNT, or any duly authorized representative, upon appropriate notice, such records, reports, books, documents, and papers pertinent to the products and services provided under the contract, as may be necessary for audit, examination, excerpt, transcription, and copy purposes, for as long as such records, reports, books, documents, and paper are retained.
 - d. Both HSNT and the Contractor shall maintain and have available for review, by agency or funding parties, all documentation relating to funding authorities as applied to any specific project.

307 Large Procurement Policy

Whenever possible, Health Services of North Texas will solicit at least three bids from competitive bidders for any goods or services that exceed \$5,000 or which will create indebtedness.

1. All purchases which exceed HSNT's \$5,000 threshold must be considered by the CEO, CFO and the Board of Directors for the following and such consideration should include:
 - a. Evaluation for necessity of the goods or service being purchased.
 - b. Appropriate analysis of lease and purchase alternatives to determine which would be the most economical and practical procurement.
2. The submitted bid must contain the following information to be considered:
 - a. A clear and accurate description of the technical requirements for the material, product or services to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
 - b. The bidder must fulfill all factors to be used in evaluation of bids or proposals
 - c. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation.
3. HSNT shall make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible and will take the following steps to further this goal:
 - a. Ensure that small businesses, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.
 - b. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises.
 - c. Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.
 - d. Encourage contracting with consortiums of small businesses, minority-owned firms, and women's business enterprises.
 - e. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms, and women's business enterprises.
4. The type of procuring instruments used (e.g. fixed price contracts, cost reimbursable contracts, purchase orders, and incentive contracts) shall be determined by the staff and/or Board of Director's, but shall be appropriate for the particular procurement and for promoting the best interest of the program or project involved.
5. Contract shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.

308 Requisition and Receiving Policy

Department managers will present a request for purchases on a Purchase Order (PO) Form to their Leadership Team member for approval.

1. Upon receipt of the product or service the individual that receives and opens any shipment shall identify the order and match each item against the packing slip and Purchase Order to compare the following information:
 - a. Manufacturer's product number (if applicable)
 - b. Description of each item.
 - c. Amount received equals the amount shown shipped on the packing slip and on the PO.
 - d. Expiration date (where applicable).
 - e. Lot number (where applicable).
 - f. NDC number (where applicable).
2. The packing slip must then be initialed and dated by the receiving employee and the area to be charged indicated.
3. The packing slip will be given to the Accounting Manager for payment processing.
4. All supplies or injectable stock that are to be used for patients are stored in a secure location with specific authorized access. Stock and supplies are monitored and an inventory is completed monthly.

309 Recognition of Donations and In-Kind Contributions Policy

Health Services of North Texas will recognize all in-kind contributions at their fair market or appraised value.

1. Following are the categories in which donations and in-kind contributions shall be tracked:
 - a. Cash Donations
 - b. Administrative and Other Services
 - c. Equipment and Supplies
 - d. In-Kind labor –voluntary
2. At the time a contribution is made, the following information will be recorded:
 - a. Date and acquisition of service rendered.
 - b. Type of material or services and its value (fair market less any partial payments).
 - c. Name and signature of donor.
 - d. Signature of acceptance by an HSNT staff member.
3. Rate of volunteer services shall be based upon the actual rate paid in the community for that service.
4. The Chief Financial Officer shall ensure that the appropriate financial journal entries are made regarding such donations, contributions, etc.

5. In the event the donated items cannot be used to support the mission of the health center, HSNT will dispose of the asset.
6. If there is a payment involved, the entire amount will be used to further the activities in support of HSNT's mission.

**400
PAYROLL POLICY**

Manual:	Accounting
Section:	Payroll Policy
Policy Number:	300
Effective Date:	11/2010
Revision Dates:	5/2014, 9/2016
Review Dates:	06/2015

401 Payroll Policy

Payroll is processed bimonthly and paid out through direct deposit on the 15th and last day of every month (or the next closest business day before or after such dates). Payroll computation is based upon the information indicated on the Time and Attendance Report.

1. Every employee must track their time on a daily basis using a time sheet (Time and Attendance Report) that must be signed and approved by their supervisor at the end of each pay period. Managers forward time sheet to the Accounting team for review and processing. Any paid time off (PTO) must include an approved copy of the PTO Request form.
2. Accounting staff shall verify the accuracy of the time sheets and prepares payroll for hourly employees based on the respective hourly wage. HSNT's Accounting Department records payroll tax deductions in the general ledger through the payroll system. These deductions include Federal Income Tax (FIT), Social Security and Medicare. The deduction amounts are paid to the appropriate agencies when due.
3. Human Resource (HR) staff record employee benefit deductions in the HR system that interfaces with the payroll system of the accounting general ledger system, with the exception of Medical benefits, which will be entered by the Accounting Department.
4. Once payroll is processed, the accounting manager reviews all payroll reports before distributions to assure accuracy.
5. Over/Under Payment:
 - a. In the event the employee has been overpaid, he/she will be required to reimburse HSNT for the amount of the overpayment (s). The amount of the overpayment will be deducted from the subsequent paycheck after the error has been reported and calculated. It is the employee's responsibility to report suspected errors in a paycheck to HR.
 - b. Underpayment will be rectified as soon as feasibly possible. If there is a question about the way the working hours or wages have been calculated, these questions should be discussed with HR. Every effort is made to ensure accurate and timely paychecks.
 - i. Overtime payment is calculated based on hours worked per week in excess of 40 hours. Should a payroll cycle end mid-week, any potential overtime for that week would be calculated and paid on the next payroll cycle once total hours worked for the full week can be calculated.
 - c. If an error in wages has been made by HSNT, a correction will be made immediately or on the next paycheck, with the employee's permission. If the error is due to an oversight on the part of the employee, (such as failure to properly report vacation, weekend hours, etc.), the correction will be made on the next paycheck.

6. On occasion, an employee may accidentally omit payable time from the time sheet. In those cases, following proper notification to the designated employee and appropriate supervisor, the approved omitted time will be computed into and included in the next regular payroll and paycheck.

7. Under normal circumstances, advances on wages will not be permitted. Request for advance pay will be evaluated and approved only for dire emergency situations, as per Federal Government regulations which govern the advancement of wages. All requests for advance pay must be approved by both the Chief Executive Officer and the designated employee prior to the request being submitted.

**500
BILLING AND COLLECTIONS
POLICY**

Manual:	Accounting
Section:	Billing and Collections Policy
Policy Number:	300
Effective Date:	11/2010
Revision Dates:	5/2014, 9/2016
Review Dates:	06/2015

501 Billing and Collections Policy

It is the policy of Health Services of North Texas to provide access to services without regard for a person's ability to pay. The center ensures sustainability by contracting with and billing Medicaid, CHIP, Medicare, other government programs and also private insurers of patients in the center's service area; the center collects for services not covered by insurance per a board-approved sliding fee scale. No patient will be refused service based on inability to pay.

1. Insurance/Program Verification:
 - a. Insured patients shall have insurance coverage verified prior to or at the time of each visit. Methods used include:
 - i. NaviNet
 - ii. Insurance carrier or accessing carrier website
 - iii. Phone call to insurance carrier
 - b. Patients who have Primary Care Physicians (PCP's) other than Health Services of North Texas Medical Centers will be referred to those providers for care and can be encouraged to change their PCP to Health Services of North Texas for future visits if the patient desires.
 - c. Patients who are eligible for but fail to obtain Medicaid coverage and have procedures performed by Health Services of North Texas physicians shall be billed for their services at the 100% Self-Pay rate.
 - d. Sliding fee enrollees and grant recipients (e.g., Title X and Ryan White) eligibility shall be verified utilizing program specific guidelines. All title and grant recipients shall be charged a fee, or will have the fee waived according to their respective granting guidelines.
2. Charges for Services:
 - a. As required by federal regulations, Health Services of North Texas will maintain a fee schedule reflecting its cost of operations whereby charges are representative of the cost to provide services and are compared to; area providers, published nationwide rates, and other third party payment sources.
 - b. Any exclusions or non-covered procedures are the responsibility of the guarantor and will be billed accordingly.
3. Payments/Collections:
 - a. The Health Services of North Texas operated Medical Centers are reliant on collections from self-pay patients, programs and third party payers in order to continue operations. Payment for services is expected when services are provided. Uninsured patients will be screened for program

- eligibility and/or sliding fee discounts
- b. Co-payments, Co-insurance or Deductibles due from the patient:
 - i. The copayment, co-insurance or deductible is the minimum amount expected for the services provided and are will be requested at each visit. No patient will be refused service based on inability to pay.
 - ii. At each visit, The Medical Receptionist will notify the patient of any outstanding balance. The Medical Receptionist will attempt to collect on the balance, remind the patient of their financial obligation, and/or inform the patient of the financial arrangement option.
 - c. Self-Pay Patient Procedure:
 - i. A self-pay patient is expected to make a payment before seeing the provider. The Medical Receptionist will request a portion of the payment upon check-in. No patient will be refused service based on inability to pay.
 - ii. At each visit, The Medical Receptionist will notify the patient of any outstanding balance. The Medical Receptionist will attempt to collect on the balance, remind the patient of their financial obligation, and/or inform the patient of the financial arrangement option.
 - d. Patients who are unable to pay for their services on the day of the visit should be referred to the “Patient Rights and Responsibilities” document and to clinic management to establish a financial arrangement.
 - f. Payment arrangements can be initiated by site management at the clinic or with the assistance of the Billing and Collections Department.
 - i. Financial arrangements are only available on accounts with balances greater than \$25.00.
 - ii. Patients must complete the “Financial Arrangement Form”.
 - iii. Medical Receptionists will scan the form to the patient chart in HSNT’s Practice Management System under “Other/Insurance/Pt. Demo”.
 - iv. If agreement originated outside of the site manager, an email will be sent to site manager with scanned copy of Financial Arrangement Form.
 - g. A prompt pay discount of 50% will be applied to total billed charges, if the patient or paying entity requests a discount on services. The discount will be applied if the patient or paying entity makes payment within 2 business days of the signed agreement.

4. Patient Complaints about Fees:

- a. The Patient Coordinator should explain the policy.
- b. If the patient’s concerns are not adequately addressed, the Health Services of North Texas representative should refer the patient to Site Manager or site designee.
- c. The Site Manager or designee will use their discretion in resolving the patient conflict. The Site Manager or site designee has the full authority of

management to act appropriately to address the concern. Potential resolutions include, but are not limited to the following:

- i. Accepting partial payment for services that day and defer remainder of the balance to the next visit.
- ii. Initiate arrangement for payment plan. Please see section on financial arrangements.

5. Medicaid Pending Encounters

- a. Some patients are served prior to receiving their Medicaid eligibility, although they have started the application process. These patients will be classified as “Medicaid Pending”.
- b. An encounter or claim for a Medicaid pending patient will not be withheld from the normal billing process.
- c. A Medicaid pending claim will be held until the Medicaid ID number is received or up to 30 days from the date of service, whichever comes first.
- d. When the valid Medicaid ID number is received, all claims will be updated with the correct insurance payer and released for billing. “Medicaid Pending” will be removed from the account.
- d. Insurance verification is a Medical Receptionist and Patient Care Coordinator (MR/PCC) responsibility. It is the responsibility of the MR/PCC to inform the billing department of the Medicaid number once it is assigned. It is the responsibility of the guarantor or patient who is assigned Pending Medicaid Coverage status to keep the clinic informed of their eligibility status and notify the billing office of the receipt of their Medicaid number. If a number is not assigned prior to the expiration of the pending coverage period (30 days), the patient’s/guarantor’s coverage shall be reverted to self-pay.
- e. The Billing and Collections Department attempts to determine if Medicaid coverage exists prior to transferring the balance to the patient/guarantor, this is performed using electronic eligibility software.

6. Timeliness of Billing

- a. Program/Insured Patient Procedure
 - i. Health Services of North Texas shall bill Medicaid, Medicare and private insurance agencies within the timely filing limit set by each payer. Self-pay charges reduced by any adjustments or sliding fee discounts shall be relayed to the patient.
 - ii. Payments will be reconciled to original billings within thirty (30) days of receipt of the payment. Disputed items shall be re-billed within the timely filing limit for appeals set by each payer.
 - iii. Timeliness of billing is contingent on timely documentation of the encounter in the Electronic Health Record (EHR), as well as complete insurance information from the patient.

7. Patient Statements:

- a. Patients with outstanding patient balances of \$10.00 or higher will receive monthly statements requesting payment of the portion due.
- b. Patient statements will continue until the bill is paid for a maximum of

four (4) months.

- c. Statements will be sent to the most current address available on record in HSNT's Practice Management System.
- d. Statements will not be generated for patients who request to be excluded from receipt of mailed statements, where confidentiality issues exist, or based on the type of population.
- e. Unpaid patient balances that are 120 days aged will be recommended for bad debt write off. Accounts for patients with financial arrangements are excluded.

8. Receipt of Payments

- a. Payments received at time of service will be posted to the patient account. Cash handling procedures will be followed at all times.
- b. Payments from program or third party funding sources will be received by the HSNT site directly or by the Accounting Department. Payments will be posted by The Billing Department. Original remittance advices will be posted to the encounter by The Billing Department for reconciliation of patient accounts within 30 days of receipt.
- c. Payments from patients generated by statements or financial arrangements will be received by the Accounting Department or at the HSNT Medical Center.
- d. Payments will be posted to patient account within 5 business days.
- e. Payments will be posted to the oldest date of service with an outstanding balance.
- f. Payments made by credit cards may be received over the phone.

9. Aging and Write-off:

- a. Accounts with remaining balances (positive or negative) of less than one (\$1) dollar will be written off on a quarterly basis.
- b. Accounts with balances greater than 180 days from the date of service will be written off as bad debt.

10. Refunds:

- a. In the event a co-pay or previous payment exceeds the total amount due, the Billing and Collections Department will research the account. A credit balance may be applied to outstanding balances, applied against future visits or refunded to the patient.
- b. Refunds may be made to a patient who paid clinic use fees and left before clinic services were rendered. These refunds must be made by a HSNT site manager (or designee) to insure appropriate charges are deleted and transactions are deleted or transferred to the patient account.
- c. Patient pending 3rd party funding may receive a refund for any patient payment made during that period (Patient Refund Request form). If appropriate, refund payments for medical services will be generated once the 3rd party payer has reimbursed Health Services of North Texas.

11. Insufficient Fund Checks and Unredeemed Refund Checks:

- a. Insufficient Fund Checks will be handled by the site manager or designee

502 Allowance for Contractual Adjustment Policy

Receivables should always be stated at net realizable value, therefore, Allowance for Contractual Adjustments will be recorded monthly. A general ledger contra-asset (allowance for uncollectible) and offsetting contractual allowance contra-revenue account is maintained and balanced monthly with HSNT's Practice Management System.

1. Third party payer contractual adjustments are the differences between full charges for services provided and the allowable and reimbursable cost of the services provided. Medicare, Medicaid and insurance companies are the most common of all payer programs.
2. Charges by agencies such as Medicare, Medicaid and other third party payers may be denied. The terms of contractual agreements with these agencies specify that a payment can be denied for services rendered to patient whom the contracting agency deem where unnecessary or not beneficial. In these cases, the patient cannot be held responsible for these denied services.

600 TRAVEL POLICY

Manual:	Accounting
Section:	Travel Policy
Policy Number:	300
Effective Date:	11/2010
Revision Dates:	5/2014, 9/2016
Review Dates:	06/2015

601 Travel Policy

All business travel must be approved in advance of incurring a travel expense which includes paid time away from providing services.

1. Managers should know the current travel policy and inform their department of HSNT policy and procedures and determine if travel is necessary to achieve the goal.
2. Employee business travel must be approved in advance of incurring a travel expense, with documentation of such authorization to be maintained in HSNT's Accounting Department files. The travel authorization documentation is not required to be submitted with the expense report reimbursement request for in-state travel which does not require an overnight stay.
3. For all travel, advance travel authorization documentation and associated travel receipts are required to be submitted to the Accounting department in order for reimbursement to occur.
4. Request for travel expense reimbursement should be submitted within thirty (30) working days of the end of the travel period and should be accompanied by original receipts for airfare, lodging, meals, rental cars and gas or record of mileage.
5. Request for travel expense reimbursement should be submitted within thirty (30) working days of the end of the travel period and should be accompanied by original receipts for airfare, lodging, meals, rental cars and gas or record of mileage.
6. Airfare Transportation:
 - a. Travelers are required to seek the lowest possible fare with a feasible schedule. First-class and business-class airfares will not be paid or reimbursed unless deemed a medical necessity (as documented by a physician) or are for the only flight available (a statement from the travel agency is required documentation). Any other deviations from the stated exceptions require authorization from the CEO and COO.
7. Ground Transportation:
 - a. Rental car usage must be approved in advance by the CEO or COO and gas reimbursement will be based on original receipt of purchase.
 - b. Mileage will be reimbursed at a specific rate per mile according to Texas state guidelines and can be reimbursed with supporting documents:
 - i. Actual vehicle odometer reading documented purpose of trip and submitted on the "Personal Vehicle Mileage Expense Report." Employees are only authorized to use his/her automobile if they have both a valid driver's license and current comprehensive auto insurance, including liability. If not, the employee is not authorized to travel for the company.

- ii. Mileage from employee's home to regular assigned work location is not a reimbursable expense. However, if the employee must report directly from home to another work assignment other than regular work location, and the distance to the work assignment is greater than the distance to the regular work location, the employee can expense the difference.
 - iii. Employee assumes the responsibility for all parking and traffic fines.
- c. Gasoline charges are not reimbursable for a personally owned automobile.
- d. Staff members should ensure all public transportation options are considered before ordering a taxi. Taxis should not be used for travel between home and airports, unless this can be demonstrated to be the most economical mode of transport.
- e. Staff members using their own vehicles on official business are entitled to re-claim the cost of any car parking fees or tolls that they incur. Contractors and staff members parking at airports must ensure they use the most economical parking rate available, (i.e. using long stay parking where this is cheaper).

8. Lodging:

- a. Personnel traveling on behalf of Health Services of North Texas may be reimbursed at the single room rate for the reasonable cost of hotel accommodations. Convenience, the cost of staying in the city in which the hotel is located, and proximity to other venues on the individual's itinerary shall be considered in determining reasonableness. Personnel shall make use of available corporate and discount rates for hotels with a maximum of In-State/Out-of-State at \$250 per day.
- b. Lodging expenses are not reimbursable for travel within 75 miles of staff member's home residence without CEO approval.

9. Meals:

- a. Meal expenses are reimbursable only when an overnight stay is involved and is pre-approved and business related. Entertainment is not a reimbursable expense.
- b. The organization will reimburse actual meal expenses supported by original itemized receipts up to a maximum of the \$50 per day for both in-state and out-of-state travel. Exceptions must be approved by the CEO.

10. Other Travel:

- a. Any staff member who wishes to attend any training course or conference must obtain prior approval from supervisors and the CEO.
- b. Training courses and conferences (both internal and external) should be treated in the same way as official business. Travel to the course and the return journey at the end of the course is official travel and the rules above regarding travel and subsistence apply. Incidental business expenses such as telephone, faxes, internet access, etc., may be claimed under the 'Incidentals' expense type on the travel expense report.
- c. Non-business expenses will not be reimbursed which include, but are not limited to the following: alcohol, entertainment, traveling companion non-employees.
- d. Exceptions must be approved by the CEO.

