

Chapter 1: Introduction

The National Association of Community Health Centers (NACHC), in collaboration with the Forvis Mazars, LLP Community Health Center Team, is pleased to present **The CFO's Guide to Health Center Financial Management: Foundational Concepts, Accounting Policies, and Best Practices for Chief Financial Officers (CFOs)**.

This guide is an essential tool aligned with NACHC's commitment to enhancing the expertise and operational effectiveness of health center financial management professionals. As part of this initiative, NACHC continually updates and develops user-friendly tools and training programs that help strengthen CHC financial and operational management.

Purpose and Value of this CFO Guide

Community Health Center (CHC) financial management has unique complexities that require specialized knowledge and expertise. Chief Financial Officers (CFOs) transitioning into the health center sector often face a one- to two-year learning curve before fully grasping the financial, regulatory, and operational requirements necessary to drive an organization's success. Even seasoned CFOs benefit from a structured, comprehensive reference guide to reinforce key responsibilities, document essential policies and procedures, and serve as an ongoing resource for best practices in health center financial management.

THE PRIMARY OBJECTIVES OF THE CFO'S GUIDE TO HEALTH CENTER FINANCIAL MANAGEMENT:

- > **To accelerate the learning curve for new health center CFOs** with a structured roadmap to navigate the financial and operational landscape of CHCs.
- > **To establish and document best practices for existing CFOs**, ensuring consistency, regulatory compliance, and operational efficiency in financial management.

This guide is intended to be a continuous reference tool, addressing key financial and operational questions for Boards of Directors, executive leadership, and finance teams. Additionally, the appendices provide links to critical online resources, guiding health centers toward authoritative information on regulatory and financial matters. It is important to note that while personnel-related considerations are discussed, this guide is not intended to serve as a personnel policies and procedures guide.

Structure and Content Overview

The guide is organized into eight comprehensive chapters, plus a set of appendices that provide sample forms, schedules, and templates that health centers can customize for their own needs. The first appendix (**Appendix A**) includes a glossary of common acronyms and industry terms, serving as a quick reference for CFOs navigating the specialized language of the health center sector.

Chapter Summaries:

CHAPTER 1: Serves as the introduction and provides essential context for the guide.

CHAPTER 2: Defines the roles and responsibilities of a health center CFO, outlining both routine functions and specialized financial activities.

CHAPTER 3: Examines the foundations of health center reimbursement and revenue cycle management, including strategies to optimize reimbursement and understand the unique revenue streams within CHCs. This chapter provides critical knowledge essential for driving financial sustainability.

CHAPTER 4: Explains the operating budget process, distinguishing it from the grant budgeting process discussed in Chapter 5. It also covers forecasting and strategic planning, equipping CFOs with tools for long-term financial decision-making.

CHAPTER 5: Focuses on federal regulatory compliance, including the unique audit requirements for health centers and program expectations established by the Bureau of Primary Health Care (BPHC). This chapter also details the external reports health centers must submit, such as the Federal Financial Report (FFR) and the Uniform Data System (UDS) report.

CHAPTER 6: Analyzes practice management systems, accounting systems, and internal audit processes, which form the foundation for accurate financial reporting and regulatory compliance.

CHAPTER 7: Details the accounting policies and procedures that should be implemented in all health centers, emphasizing the significance of each policy and outlining key financial considerations.

CHAPTER 8: Provides a sample *Accounting Policies and Procedures Manual*, offering a customizable framework for health centers to tailor to their specific needs.

APPENDIX: Contains sample forms, schedules, and additional resources to assist CFOs in executing their financial responsibilities effectively.

Applicability to Federally Qualified Health Centers (FQHCs) and Look-Alikes

Throughout this guide, the term “health center” refers to Federally Qualified Health Centers (FQHCs), including those funded under:

- > Section 330(e): Community Health Center Program
- > Section 330(g): Migrant Health Center Program
- > Section 330(h): Health Care for the Homeless Program
- > Section 330(i): Public Housing Primary Care Program

This guide is also applicable to FQHC Look-Alikes, which operate similarly to FQHCs but do not receive BPHC grant funding. The principles, policies, and best practices outlined in this guide are relevant to both FQHCs and Look-Alikes, helping them navigate the complex financial and operational landscape of health center management.

A Key Resource for Health Center Financial Leaders

NACHC is proud to offer this CFO guide as part of its extensive library of resources designed to support health center financial operations. For additional information on NACHC's financial tools, training programs, and technical assistance resources, [see Appendix R](#).

By providing a comprehensive framework for financial management, this guide serves as an invaluable resource for both new and experienced CFOs, helping them establish and uphold financial standards, enhance organizational performance, and ensure compliance with federal and state regulations. Ultimately, this resource is designed to empower CFOs to drive financial sustainability and support the financial infrastructure of the Health Center.

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