

**Number:** 401

**Title:** Financial Accountability

**Effective Date:** 10/01/2016

**Revision Date:** 08/26/2025

**Date of Last Review:** 08/26/2025

**Authority:** 45 CFR 96, 45 CFR 92, 45 CFR 74, HHS Service Contract Terms and Conditions

## Policy

The Contractor shall comply with the [HHS Service Contract Terms and Conditions](#), the MCAH financial accountability requirements for contract requirements, and the cost allocation plan.

## Procedure

**Contract Requirements:** The Contractor is expected to comply with the following financial accountability contract requirements:

1. Written financial policies and procedures including, but not limited to:
  - a. Supply distribution
  - b. Purchasing, bidding, and selection
  - c. Check writing and control
  - d. Billing
  - e. Accounting/bookkeeping
2. Expenditure controls to prevent over-billing of annual budgets.
3. Valid, approved time records for project staff and volunteers that clearly indicate the amount of time the individual spends in each program area. Continuous daily time studies are required. All volunteer time used for a match must be fully documented and approved by the individual whose time is used for the match.
4. Use of generally accepted accounting principles.
5. An independent financial audit is completed annually. This requirement is applicable to subrecipients of federal funds who are required to have an audit made in accordance with the provisions of Office of Management and Budget (OMB) Circular 2 CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
6. Required Accounting Records including:
  - a. **Cash receipts register:** The cash receipts register lists each receipt of cash or checks with the date received, the payer's name, a brief description, the amount received, and the account credited.
  - b. **Cash disbursements register:** The cash disbursements register lists each disbursement in check number order with date paid, payee, check number, amount paid, and account charged.
  - c. **General ledger:** The general ledger summarizes the monthly postings from cash receipts and cash disbursements registers by general ledger account, with adequate identification of expenses by each grant or contract.

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- d. **Journal entries:** Journal entries contain explanations and amounts of any adjustments to the general ledger accounts.
  - e. **Chart of Accounts:** A listing of the accounts available in the general ledger in which to record entries.
  - f. **Payroll time reports:** Time reports show the hours worked on each funded program or grant and the total individual effort. Records must be broken out by funding source on each time report.
  - g. **Payroll register:** The payroll register lists each employee's gross pay, federal and state tax withheld, other amounts withheld, net pay, and check number for each paycheck. Note: The payroll register may be included in the cash disbursements register at small agencies.
  - h. **Individual earnings records:** Individual earnings records list cumulative remaining during the year for each employee.
7. Expense documentation: The Contractor and subcontractor must keep the following documents on file.
- a. Bank statements and canceled and voided checks
  - b. Invoices and bills for purchases of supplies, equipment, telephone utilities, services, etc.
  - c. Travel claims with receipts for commercial transportation, meal, and lodging costs reimbursed to employees
  - d. Time reports and payroll registers
  - e. Copies of leases for office equipment and vehicle rentals
  - f. Tax deposit receipts for withholding tax payments
  - g. Copies of monthly and final expenditure reports submitted to Iowa HHS
  - h. Copies of contracts, budgets, amendments, and all related correspondence from Iowa HHS
  - i. Documentation of the methodology used for the allocation of costs
8. Internal control system established by management that is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
- a. Effectiveness and efficiency of operations
  - b. Reliability of financial reporting
  - c. Compliance with applicable laws and regulations

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**Accountability Procedures:** The following accountability procedures must be followed:

1. Expenditures paid by check should be made using pre-numbered checks.
2. All receipts (cash and checks) are listed individually and deposited in the bank account intact and timely.
3. Bank reconciliations should be prepared monthly and reviewed and approved by a person who is not responsible for receipts or disbursements.
4. If one individual has control over all cash functions (receiving funds, making deposits, reconciling bank statements, making payments, preparing payrolls), the employee must be bonded.
5. If the Contractor has more than one program, a plan for the allocation of costs must be established to indicate how costs are distributed equitably to each program. Formal accounting records that will substantiate the propriety of eventual charges will support all costs included in the plan. The allocation plan should cover all joint costs of the Contractor. This includes costs to all programs of the Contractor, which are to be included in the costs of federally sponsored programs.

**Cost Allocation Plan:** The Cost Allocation Plan must contain the following:

1. The nature and extent of services provided and their relevance to the program
2. The items of expense to be included
3. The methods to be used in distributing costs
4. An annual review of the plan and necessary revisions

## **Resources**

[45 CFR 96](#)

[45 CFR 92](#)

[45 CFR 74](#)

[HHS Service Contract Terms and Conditions](#)

[Office of Management and Budget \(OMB\) Circular 2 CFR 200](#)

[Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards](#)

**Number:** 402

**Title:** Budget Revisions

**Effective Date:** 10/01/2016

**Revision Date:** 08/26/2025

**Date of Last Review:** 08/26/2025

**Authority:** Contract General Conditions

## **Policy**

The MH and CAH Program budget is part of the contract between the Contractor and the Agency. The budget is developed in accordance with the RFP or RFA of the corresponding fiscal year. Contractors must notify the Agency of any contract changes by the due date listed in the contract. If no due date is specified in the contract, the Contractor must obtain approval for budget revisions by the last business day in September.

## **Procedure**

### **Revisions Requiring Prior Written Approval:**

1. Prior written approval is required for a budget revision under the following conditions:
  - a. Any change in a line-item cost specifically identified in the Special Conditions of the contract as being restricted.
  - b. The opening of any line item not in the approved budget.
  - c. The purchase of equipment costing \$5,000 or more and possessing a useful life expectancy of greater than one year. Equipment and/or supplies costing less than \$5,000 may be purchased without prior approval from Iowa HHS (per General Contract Conditions).
  - d. Expenditure variance of more than ten percent (10%) cumulatively of the program budget amount (MH, CAH, HCCI, Hawki, CH-dental, I-Smile™, I-Smile™@School). At no time will a specific program be over-expended. Budget categories are identified in the most current RFP and RFA documents.
2. Requesting a budget revision will be done within IowaGrants. The process is as follows:
  - a. The Contractor will submit a request through the IowaGrants Correspondence component to the appropriate consultant(s) and contract specialist to negotiate the budget component, including the program(s) being revised, the dollar amount, and a brief description of the budget change. If the requested revision reduces the amount on the contract face sheet, provide the proposed total. Budget revisions initiated on the part of the Contractor that increase the amount of the total grant funds will not be accepted unless previously approved or requested by the Agency.
  - b. The Agency will negotiate the budget component to the Contractor.
  - c. The Contractor will make the proposed changes in the budget component and submit.
  - d. The Agency will review the proposed changes and accept the changes or provide feedback to the Contractor ("renegotiate" the component).
  - e. A correspondence may be sent to notify the Contractor of the request status and/or to initiate the contract amendment process if necessary.

**Number:** 402

**Title:** Budget Revisions

**Effective Date:** 10/01/2016

**Revision Date:** 08/26/2025

**Date of Last Review:** 08/26/2025

**Authority:** Contract General Conditions

**Revisions Not Requiring Prior Written Approval:**

1. Routine budget revisions are those that do not substantively change the program plan.
  - a. Routine budget revisions include such items as changing cumulative program budget line-item amounts of less than 10% of the total budget amount for a program.
  - b. Revising the 'other funds' categories.
  - c. Changing a single category of personnel of less than .20 FTE, unless this will take the staff person under a required FTE.
3. Prior approval from the Department is not required for routine budget revisions, however, routine budget revisions must be recorded in the approved budget and in the expenditure workbook.
4. The Contractor must notify the Agency in writing with the explanation of the change and the corresponding revised budget pages.
5. Year-end expenditures will be compared against the revised line-item amount.

**Resources**

[Iowa Grants user guides](#)

**Number:** 403

**Title:** Program Income

**Effective Date:** 10/01/2016

**Revision Date:** 08/26/2025

**Date of Last Review:** 08/26/2025

**Authority:** Contract General Conditions

## **Overview**

Program income is defined as gross income earned by the Contractor resulting from activities related to fulfilling the terms of the contract. It includes but is not limited to, such income as fees for service, third-party reimbursement, and proceeds from sales of tangible, personal, or real property.

## **Policy**

Program income may be used for allowable costs of the Contractor. A spending plan must be approved by the Agency for use of program income in excess of 5 percent above the amount approved in the program budget. Program income must be used before using the funds received from the Agency. Excess program income may be retained to build a three-month operating capital.

## **Procedure**

The Contractor must develop other sources of financial support for program activities, including the following:

1. Recover all third-party revenues to which the Contractor is entitled as a result of services provided.
2. Garner other available federal, state, local, and private funds.
3. Charge clients according to their ability to pay for services provided, based on a sliding fee schedule. The sliding fee schedule must be based on standardized guidelines provided by the Department. Any changes from these guidelines must have prior written approval by the Department (See Policy 106-CAH Child & Adolescent Health Program Eligibility and Voluntary Participation and 106-MH Maternal Health Program Eligibility and Voluntary Participation).
4. Client billing and collection procedures must be consistent with those established and provided by the Department. Services funded partially or completely by the Agency will not be denied to a person because of inability to pay a fee for the service. Individual and/or immediate family income and family size are used in developing the sliding fee schedule. (See Policy 106-CAH Child & Adolescent Health Program Eligibility and Voluntary Participation and 106-MH Maternal Health Program Eligibility and Voluntary Participation).
5. The Contractor must report to the Agency, within forty-five days, all funding sources using the MH or CAH Expenditure Workbook.

## **Resources**

[HHS Service Contract Terms and Conditions](#)

**Number:** 404

**Title:** Documentation of Local Match

**Effective Date:** 10/01/2016

**Revision Date:** 08/26/2025

**Date of Last Review:** 08/26/2025

**Authority:** 45 CFR, Part 74.23; Iowa Administrative Code 641 IAC 76.13(4).

## Overview

The provisions of [45 CFR, Part 74, Subpart C](#) define terms, set standards of allowability and valuation, and establish procedures for the contractor's documentation of local match. Sources that may be used for matching funds are reimbursement for service from third parties such as insurance and Medicaid, client fees, local funds from non-federal sources, or in-kind contributions. In-kind contributions must be documented in accordance with generally accepted accounting principles.

## Policy

Contractors shall follow the guidelines outlined in [45 CFR, Part 74, Subpart C](#) for documenting local match.

## Procedure

1. In general, local match, whether in cash or in-kind, represents the portion of the contractor costs not borne by the Agency. The basis for determining valuation and charges for all elements of local match, including personal services, materials, equipment, and realty, must be documented in a manner acceptable to the Agency.
2. Charges for property purchased completely with federal funds and any portion of property purchased in part by federal funds are not permissible for inclusion as a local match unless otherwise authorized by federal legislation. However, operating costs (such as housekeeping and maintenance, protection, utilities, etc.) may be included with adequate supporting documentation, even though valuation may be in the form of a square footage rate along with unallowable property charges.
3. The value of volunteer labor and donated services may be included as part of local match and must be documented by the same method that the contractor uses for its paid employees. The valuation used for personal services would ordinarily be the value placed on the task performed and not necessarily the time rate of the individual rendering the service.
4. Fees collected from Medicaid and/or any other private or third-party source must be reported to the state when collected and must be expended on program-related activities. Subcontractors are required to report program income to the contractor. The contractor is required to report program income monthly to the Agency on the supporting documentation workbook that the contractor submits with each claim in IowaGrants.gov.
5. The contractor is certifying that the amount of match reported is available to the Agency to use as federal match. The Agency will consider all the match funds reported by the contractor as available for federal match, although the Agency may elect to use only a portion of the certified match for Title V.

**Number:** 404

**Title:** Documentation of Local Match

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**Authority:** 45 CFR, Part 74.23; Iowa Administrative Code 641 IAC 76.13(4).

## **Resources**

[45 CFR, Part 74.23](#)

[Iowa Administrative Code 641 IAC 76.13\(4\)](#)

[45 CFR, Part 74, Subpart C](#)



**Number:** 405

**Title:** Advances of Contract Funds

**Effective Date:** 10/01/2016

**Revision Date:** 08/26/2025

**Date of Last Review:** 08/26/2025

**Authority:** [Iowa Administrative Code 641 IAC 76.13\(3\)](#); [HHS Service Contract Terms and Conditions](#)

## **Policy**

In the event the Contractor lacks sufficient working capital to provide the services of the contract, an advance not to exceed one month's value of the contractual amount may be provided by the Department. One-third (1/3) of this advance will be deducted from eligible reimbursement of expenses for the 7th, 8th, and 9th months of service.

## **Procedure**

1. Requests for Advance of Contract Funds must be made via IowaGrants.gov Correspondence and must include sufficient justification for the advance.
2. Cash advances, whether permanent or in the form of working capital, must be maintained in interest-bearing accounts.
3. Interest earned by the Contractor on cash advances shall be allocated by the Contractor to the program for which the cash advance was received.
4. All interest earned on cash advances shall be remitted to the Department on a quarterly basis or more frequently if requested by the Department. Interest amounts up to \$250 per contract period in the aggregate for all federal funded programs may be retained by the Contractor for administrative expenses only.
5. The quarterly interest earned statement must be attached to a Correspondence in IowaGrants.gov and sent to the Contractor's consultant and contract manager.

## **Resources**

[Iowa Administrative Code 641 IAC 76.13\(3\)](#)

[HHS Service Contract Terms and Conditions](#)

**Number:** 406

**Title:** Reimbursement of Expenses

**Effective Date:** 10/01/2016

**Revision Date:** 08/26/2025

**Date of Last Review:** 08/26/2025

**Authority:** Iowa Code 8A.502

## **Policy**

Contractors are reimbursed for expenses incurred by submitting a monthly claim and supporting documentation workbook located on the IowaGrants.gov grant site.

## **Procedure**

1. The Agency provides the supporting documentation workbook to the Contractor at the start of the contract year. The supporting documentation workbook is an Excel workbook that is used by the Contractor to report the amount of grant funds expended in each line item per program (e.g., MH, CAH, etc.) each month. The supporting documentation workbook is also used by the Contractor to report the amount of funds billed to “other” funding sources (e.g., Title XIX) and received from “other” funding sources each month.
2. A claim, including the supporting documentation workbook, is due 45 days after the month of expenditure.
3. All claims are to be submitted via IowaGrants.gov.
4. The monthly claim must also include the amount of funds billed *to* ‘other’ funding sources and received *from* ‘other’ funding sources each month.
5. MH and CAH agencies may choose to bill Medicaid/Medicaid MCOs and not bill private third-party payers for services if using federally approved pediatric preventive ICD-10 codes. Iowa Medicaid and Medicaid MCOs are required to complete the ‘pay and chase’ for third-party payment for pediatric preventive health services with the designated ICD-10 codes. These ICD-10 codes are listed in State Medicaid Manual Part 3 - Eligibility Transmittal 76 and ensure a claim for pediatric preventive services (including EPSDT services) will not require third-party billing for clients with private insurance. The ICD-10 code must be in the primary diagnosis field on the claim to ensure the claim does not require submission to a third-party payor. Other diagnosis codes may be included in subsequent diagnosis code fields on the claim.

## **Resources**

[Iowa Code 8A.502](#)

**Number:** 407

**Title:** Fiscal Record Retention

**Effective Date:** 10/01/2016

**Revision Date:** 08/27/2025

**Date of Last Review:** 08/27/2025

**Authority:** 45 CFR Part 74; HHS Service Contract Terms and Conditions

## **Policy**

Contractors shall retain all fiscal records for a period of seven (7) years from the day the Contractor submits the final expenditure report.

## **Procedure**

1. Contractors shall retain all accounting and financial records, programmatic records, supporting documents, statistical records, and other records reasonably considered pertinent to the MH and/or CAH contract to be retained for a period of seven (7) years from the day the Contractor submits its final expenditure report.
2. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the seven-year period, the records must be retained until completion of the action and resolution of all issues that arise from it, or until the end of the regular seven (7) year period, whichever is later.
3. Client records, which are non-medical, must be retained for a period of seven (7) years after the date of service.
4. Federal regulations and the agreements between the state agency and the Contractor require that all records determined to be pertinent to the contract must be made available to representatives of the state and/or federal government for purposes of an audit, quality improvement, or other legally authorized purposes.

## **Resources**

[45 CFR Part 74](#)

[HHS Service Contract Terms and Conditions](#)

**Number:** 408

**Title:** Medicaid Administrative Funds Billing

**Effective Date:** 10/01/2022

**Revision Date:** 08/27/2025

**Date of Last Review:** 08/27/2025

**Authority:** Iowa HHS Omnibus Agreement

## **Overview**

In Iowa, Iowa HHS administers the Iowa Medicaid Program and, therefore, is the administrative agency for the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program and the Maternal Health Program. Through a formal written agreement, Iowa HHS provides for Informing (Child and Adolescent Health - CAH only), Care Coordination, Presumptive Eligibility, and related interpretation services for eligible clients. Iowa HHS fulfills this responsibility by contracting with local community-based programs to work with clients in collaborative service areas. This is an arrangement unique to Iowa. These services are paid through Medicaid Administrative Funds (MAF) associated with the written agreement. As a result, these services are frequently referred to as “MAF services”.

## **Policy**

Contractors shall bill expenses related to the quality provision of Informing, Care Coordination, and Presumptive Eligibility services (MAF services) to Iowa HHS in compliance with Iowa HHS Guidelines.

## **Procedure**

1. Include all expenses and staff time spent doing Informing, Presumptive Eligibility, Care Coordination, and related interpretation, not already funded in another way, in a Contractor’s Medicaid Administrative Fund (MAF) billing to Iowa HHS for Medicaid enrolled clients.

Examples of activities that may be billed to MAF include the following:

- a. Client Contact - Time spent with the client and locating needed information to contact the client. Telephone, in-person, text, email, videoconference, or home visit with the client for Care Coordination, Informing, and Presumptive Eligibility.
- b. Identification of needed resources and referral - Activities related to identifying appropriate resources and making referrals for the client based upon their needs
- c. Care Coordination - Activities include setting up appointments (outside of the Contractor agency, subcontracts, and parent company), making arrangements for transportation to health services, arranging interpreter services, and linking with other support services.
- d. Documentation - Documentation of services following Iowa HHS guidance.
- e. Maintaining fiscal records - Completing claims forms and preparing submissions to the Medicaid or MCO fiscal agent. Reviewing denials of original billings and resubmitting the corrected claims. Maintaining fiscal records based on generally accepted auditing procedures.

**Number:** 408

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- f. Maintaining supplies - Managing the paper, brochures, postage, printing labels, and other supplies for MAF-funded services.
  - g. Managing lists and reports - Downloading and analyzing data for quality improvement and reports for staff to do their work related to MAF services.
  - h. General office work - Answering MAF services phone calls, taking messages, making appointments with the care coordinator, and other work to maintain communication and requirements of the organization such as filling out time studies, travel documents, completing reports, etc. related to MAF-funded services.
  - i. Staff travel non-client specific - Travel to clinic sites (to provide MAF, not direct care), meetings, and conferences related to MAF-funded services.
  - j. Developing community linkages - Building and maintaining the referral network for medical home and Care Coordination. Developing and maintaining formal and informal linkages between community agencies, providers, and organizations to build public health services and systems and enabling capacity in the CSA.
  - k. Meetings - Meetings to plan, communicate, and coordinate the activities of the program, Family Engagement Group meetings, including planning and logistics of coordinating the group, membership recruitment, etc.
  - l. Continuing education- Staff skill development and education to keep current on policy and best practices related to MAF services.
  - m. MAF program administration - Management of the program, including supervising the work of MAF-funded staff.
  - n. Developing educational materials for clients - Creating and maintaining brochures, letters, posters, and other educational materials related to MAF services for clients.
  - o. Vacation, sick, holiday time - Time allocated for vacation, holiday, and sick days based on the time study allocation of time to MAF and policies of the organization.
  - p. Time spent coordinating and participating in Maternal Health Coalition meetings that support MAF activities. This could include:
    - i. Efforts to recruit coalition members for the purpose of building up referral networks for MAF services.
    - ii. Time spent during meetings discussing care coordination and presumptive eligibility for pregnant women for the purpose of increasing referrals to and from the MH program and improving care coordination services.
2. The total cost of providing the service, as billed to MAF, should be included in the time study.
  3. Submit all CAH MAF into your line item CAH monthly claims.
  4. Complete the MAF section in the MCAH Expenditures and Supporting Documentation workbook.

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5. The MAF section of the workbook will link to the Program Income sections to carry those expenses up appropriately.
6. This is to be entered into [iowaGrants.gov](https://iowagrants.gov) within 45 days of the month of expenditures.

**Number:** 409

**Title:** Medicaid Managed Care Organization Reimbursement Issue Reporting

**Billing Code(s):** All

**Effective Date:** 09/01/2020

**Revision Date:** 08/27/2025

**Date of Last Review:** 08/27/2025

## Overview

Contractors are required to credential with and bill services to Medicaid Managed Care Organizations (MCO) and Pre-Paid Ambulatory Health Plans (PAHP) for services provided to Child and Adolescent Health (CAH), Oral Health (OH) and Maternal Health (MH) clients enrolled in an MCO or PAHP as part of their CAH Program/Screening Center or MH Program/Maternal Health Center. Understanding that billing/reimbursement issues may occur, the Iowa Department of Health and Human Services (HHS) has developed processes for Title V Contract Screening Centers and Maternal Health Centers to seek assistance in resolving billing and reimbursement issues.

## Policy

Contractors shall follow the procedure set forth in this policy when seeking HHS assistance with MCO or PAHP billing or reimbursement issues.

## Procedure

1. Contractors shall work with the relevant MCO or PAHP provider relations on initial concerns. Representatives can be found in MCO or PAHP provider maps or portal (if applicable).
2. If unable to receive a response or resolution in a timely manner, initiate the following procedure:
  - a) Email issues to respective MCO or PAHP contact at HHS
    - a. For Iowa Total Care, Wellpoint, Molina, and Fee for Service:
      - i. Bianca Finley, [bianca.finley@hhs.iowa.gov](mailto:bianca.finley@hhs.iowa.gov)
    - b. For Delta Dental, MCNA, and Fee for Service:
      - i. Sarah Petersen [sarah.petersen@hhs.iowa.gov](mailto:sarah.petersen@hhs.iowa.gov)
      - ii. Ashley Miller [ashley.miller9@hhs.iowa.gov](mailto:ashley.miller9@hhs.iowa.gov)
    - c. Please cc respective program team lead on email:
      - i. [amy.chebuhar@hhs.iowa.gov](mailto:amy.chebuhar@hhs.iowa.gov) for CAH
      - ii. [Anna.moats-gibson@hhs.iowa.gov](mailto:Anna.moats-gibson@hhs.iowa.gov) for MH
      - iii. [melissa.woodhouse@hhs.iowa.gov](mailto:melissa.woodhouse@hhs.iowa.gov) for OH
  - b) Include the following information in a secure/confidential email:
    - a. Provider Name
    - b. NPI
    - c. Contact information including phone and email
    - d. MCO/PAHP and a summary of the issue
    - e. Summary of previous contact communication with the MCO/PAHP
    - f. Sampling of claims/Explanation of Benefits/Recoupment letter, or other pertinent documentation