**Section 635.60 Financial Management Systems and Audits of Delegate Agencies**

a) Budgets – All delegate agencies and potential delegate agencies shall submit a budget proposal for each fiscal year for approval by the Department based on subsection (b) of this Section. This budget must include all program income related to family planning and provide for all such income to be retained by the delegate agency and used for program purposes. At least ten percent of the budget must come from sources other than the Family Planning Program grant award.

b) Use of project funds – Funds will be used only for the direct cost of administering, operating and maintaining a project. The following direct costs are examples of those which may be incurred when specified in the Agreement:

1) Personal services costs, including salaries and fringe benefits for full-time and part-time employees of the project.

2) Fees for consultants, specialists and other operating contractual requirements, pursuant to Section 15 of the State Finance Act exclusive of consultant services for patient care.

3) Travel of personnel, consultants and specialists in carrying out the activities approved for the applicant's program. Travel costs are the expenses for transportation, lodging, and subsistence for personnel who are on travel status on official business for the organization. Such costs will be charged on an actual basis, i.e., mileage and per diem when necessary; however, reimbursement shall not exceed the maximum rate established in the Travel Regulations promulgated by the Travel Regulation Council (80 Ill. Adm. Code 3000) effective on the date of travel, unless otherwise agreed upon and specified in the contract drawn between the applicant agency and the Department.

4) Supplies/commodities (see Section 15b of the State Finance Act), as required in the operation of the project, which are directly related to its operations.

5) Direct costs of installation, operation and maintenance of equipment previously included in the project application and directly related to the provision of the service(s) funded. All equipment purchased in total or in part with project funds shall be the property of the Federal Government. A complete and current inventory of equipment shall be maintained and be available for audit. No property shall be sold, leased, or otherwise disposed of without prior written authorization from the Department ("equipment" as defined in Section 20 of the State Finance Act).

6) Purchase of outpatient care.

c) Program Income

1) Program income shall be retained by the delegate agency and used to fund project activities.

2) The delegate agency will charge recipients for services not required in Section 635.90, that are provided by the project, but must apply a schedule of discounts consistent with requirements of Section 635.70(b), and 635.70(c) of this Part and 42 CFR 59.5(a)(8).

d) Reimbursement Procedures

1) Delegate agencies with service grants shall receive reimbursement based upon client service information submitted to the Department's agent through an automated clinic visit record system. The CVR is Appendix A of this Part.

A) The Department will reimburse the delegate agency at the rates shown for those family planning services listed in Appendix C of this Part.

B) Service information for July 1st through December 31st shall be submitted no later than February 5th of the contract year. Service information for January 1st through June 30th of the contract year shall be submitted no later than August 5th of the contract year.

C) Payments shall be made to the delegate agency based upon monthly billings prepared by the Department's agent.

D) Delegate agencies must identify each expenditure submitted for reimbursement with a voucher or check number in order to maintain a clearly defined audit trail. All expenditures relating to the Family Planning funded program must be traceable through the delegate agency's internal record system. Invoices, bills, purchase orders, etc., must be attached or cross-referenced on the agency vouchers or check stubs and kept on file for three years beyond the end of the grant award period.

E) Expenditures must be documented by dates of issue of voucher or check, name and address of organization or individual to whom payment was made, and purpose of the expenditure. For periodic charges such as salaries, fringe benefits, rent, utilities, etc., the time period covered must be documented.

F) In cases in which references to patients must be made to maintain an audit trail, agencies shall use record numbers or other means of identification rather than patient names.

G) The delegate agency director or her/his authorized agent must sign the reimbursement request.

2) Delegate agencies will receive sterilization reimbursement based upon submission and program approval of sterilization consent and request for financial assistance.

e) Audits – Audits of the delegate agencies will be conducted at least every two years and will be performed in accordance with the following standards such as, but not limited to, Fiscal Control and Internal Auditing Act in accordance with the standards promulgated by the United States General Accounting Office (45 CFR 74, Appendix G & H) and the Professional Standards of the American Institute of Certified Public Accountants (Volume I, Section 150, November, 1982). Interim audits of the delegate agencies may be conducted at any time by the Department to ensure fiscal/compliance integrity. Agencies shall retain, for at least three years after the end of the grant period all financial records of expenditures, third-party reimbursements and other program income, and inventory records of all equipment with a unit cost in excess of $100.00 purchased from project funds.

(Source: Amended at 14 Ill. Reg. 20783, effective January 1, 1991)