

# ORANGE COUNTY HIV PLANNING COUNCIL

## Policies and Procedures

**Subject:** Fund Allocation Processes

**Number:** XVI

**Date Effective:** 2002

**Revised:** 7/8/15, 4/12/17,  
5/8/19, 6/9/21, 6/14/23

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1. **PURPOSE:** The purpose of this policy is to establish the processes used by the HIV Planning Council (Council) to allocate funds consistent with its mandated responsibilities as outlined by the Health Resources and Services Administration (HRSA). There are five (5) such processes:
    - 1.1. Allocation of funds during the annual planning process. The resulting allocations are submitted with the Part A application. This process occurs during the summer months.
    - 1.2. Allocation of funds after receipt of the Part A Award. This process occurs immediately after, within a month of, receipt of the full Notice of Grant Award.
    - 1.3. Allocation of carryover funds. This process occurs immediately after, within a month of, notification of award of carryover funds.
    - 1.4. Reallocation of projected unspent funds. This process occurs throughout the year.
    - 1.5. Reallocation of projected unspent funds at the end of the funding cycle. This process occurs after the end of the funding cycle.

2. **PROCESS #1: GUIDELINES FOR THE ALLOCATION OF FUNDS DURING THE ANNUAL PLANNING PROCESS:**

This guideline describes the procedure to be followed by the Council and HIV Planning and Coordination (HIVPAC) when allocating funds during the annual planning process.

- 2.1. Foundational Agreements:

- 2.1.1. Three (3) allocation plans will be developed based on a level funding scenario, increased funding, and decreased funding scenario covering Part A and Minority AIDS Initiative (MAI) funds. The three allocation scenarios shall include funding of service categories prioritized by the Council, which can include previously unfunded service categories. All service categories must be prioritized, but not all prioritized services must be funded. Funds will be allocated using whole dollar amounts.
    - 2.1.2. MAI funds will be allocated to programs in accordance with the requirements of the MAI program.

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- 2.1.3. As a starting point for the allocation discussions, HIVPAC staff will present at least one draft allocation scenario to the Priority Setting, Allocations, and Planning (PSAP) Committee and/or Council for review, comment, and modification. In the development of the scenario(s), consideration will be given, but not limited to 1) the current year's allocations, 2) the immediate past year's spending patterns, including all funding reallocations, 3) data from the most recent community resource inventory when available, 4) epidemiological data, 5) quantitative and qualitative data from the needs assessment process, 6) service utilization data, 7) unit cost data, 8) expenditure data, 9) a collaborative dialogue with service providers and persons living with HIV, and 10) other data as required or requested, if available.
- 2.1.4. HRSA requires that changes in the allocation scenario be justified in the Part A application. Therefore, when a Council member proposes a change to the draft allocation scenario, justification of the change must be provided by citing information derived from the items listed below:
- The Council's Vision and Values Statements and Criteria for Priority Setting and Resource Allocation
  - Information gathered from Public Comment (if any)
  - The Epidemiological Profile of the Transitional Grant Area (TGA)
  - The Needs Assessment Data: 1) Client Survey, 2) Focus Groups, and/or 3) Key Informant Interviews
  - Resource Inventory
  - The most recent Directives to the Grant Recipient
  - The most recent Allocations Spreadsheet
  - The most recent Integrated HIV Prevention and Care Plan
  - HRSA's Glossary of Fundable Services
  - The most recent Service Utilization Data
  - The most recent Expenditure Data

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- 2.1.5. Members proposing an increase or decrease in the allocation to a particular service do not have to identify another service priority from which funds would be added or subtracted. If the Council approves a member's proposed change, the Council at large will have the responsibility to "balance the budget".

### 3. **PROCESS #2: GUIDELINES FOR THE ALLOCATION OF FUNDS AFTER RECEIPT OF THE PART A AWARD**

This guideline describes the procedure to be followed by the Council and HIVPAC when allocating funds awarded in variance of prior year level funding.

Timing is an important consideration in allocating new funds. Once the Council approves an allocation scenario, at minimum eight (8) weeks are required for contract amendments to be developed and approved by the Board of Supervisors (Board). Amendments that do not require Board approval require less time.

#### 3.1. **THE PROCESS:** The following policy/procedure for the allocation of new funds is based on the considerations discussed below:

- 3.1.1. All funds must be directed toward the priorities established by the Council in its most recent planning process.
- 3.1.2. The Grant Recipient will review any restrictions placed by HRSA on the spending of the new funds, e.g., MAI requirements.
- 3.1.3. If applicable, the Grant Recipient will follow any instructions given by the Council during the planning process conducted for that fiscal year.
- 3.1.4. Allocations will be based on the level funding scenario; unless a significant change or need has been identified prior to or after the receipt of the award.
- 3.1.5. If reallocation of the funding is required, HIVPAC staff will present at least one draft allocation scenario to PSAP and/or the Council for review, comment, and modification based on criteria outlined in 2.1.4.

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- 3.1.6. Council members may propose a change to the allocation scenario. In doing so, they must justify the change by citing information derived from the materials listed in Sections 2.1.4.
  - 3.1.7. Members proposing an increase or decrease in the allocation to a particular service do not have to identify another service priority from which funds would be added or subtracted. If a member's proposed change is approved by the Council, the Council at large will have the responsibility to "balance the budget."
  - 3.1.8. The Council will only consider changes in funding allocations for services identified through providers' requests and/or by the Grant Recipient based on community needs and expenditures for additional funding or funding reduction.
  - 3.1.9. Once all service categories are considered, the Council will then determine how to balance the allocation scenario if needed.

#### 4. **PROCESS #3: GUIDELINES FOR ALLOCATION OF CARRYOVER FUNDS**

This guideline discusses the procedure to be followed by the Council and HIVPAC when allocating carryover funds.

The projected amount of unspent funds must be submitted to HRSA before the end of the grant year utilizing the format to report unobligated balances and estimated carryover. A request to carryover the unexpended funds, including information as to how those funds would be spent, must be signed by the Council Chair and submitted to HRSA.

- 4.1. **THE PROCESS:** The allocation of carryover funds is based on the considerations discussed above in sections 2.1.4 through 2.1.5.

#### 5. **PROCESS #4: GUIDELINES FOR THE REALLOCATION OF PROJECTED UNSPENT FUNDS**

This guideline describes the procedure to be followed by the Council and HIVPAC when identifying and reallocating projected unspent funds prior to the end of the grant cycle.

It is important that any projected unspent funds be reallocated to ensure that there is adequate time to spend out all Ryan White dollars before the end of the grant year (last

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day of February). When current funds are not fully expended by the end of the year, it can be difficult to make a compelling argument for increased funding in subsequent Part A applications. Unspent funds and/or carryover requests can affect the Ryan White funding request (grant application) because although carryover is possible, it is at HRSA's discretion and may be deducted from the following year's grant award.

Timing is an important consideration in maximizing the accuracy of re-allocations. Projections by providers are important component of this process. If projections are made too soon, then providers will not have a good idea of how much will be unspent. If they are made too late, then the providers receiving reallocations will have insufficient time to spend the funds. Both scenarios may result in the failure to provide the maximum amount of service to clients. Due to the tight-time constraints, it is not possible to fund new service priorities or to award funds to new providers because doing so would possibly trigger procurement requirements. Once the Council approves a reallocation scenario, at minimum eight (8) weeks are required for contract amendments to be developed and approved by the Board. Amendments that do not require Board approval require less time.

**5.1. THE PROCESS:** The following policy/procedure for reallocation is based on the considerations discussed above:

- 5.1.1. Every effort will be made to minimize the amount of funds to be reallocated. Throughout the contract year, the Grant Recipient monitors expenditures of service providers; addresses community needs; works with provider staff to identify potential unspent funds and, if appropriate, requests corrective action plans when spending levels are low.
- 5.1.2. All funds designated for reallocation must go to properly procured providers.
- 5.1.3. All funds must be directed toward existing funded priorities or based on identified community needs and expenditures.
- 5.1.4. Service providers may request to formally identify potential unspent funds available for reallocation, services needing additional funds, and the amount required to fund the need at any time in the grant year.
- 5.1.5. The Grant Recipient will review providers' requests and prepare recommendations for reallocation, as appropriate.

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- 5.1.6. The Grant Recipient will prepare a spreadsheet identifying current allocations, projected unspent funds, providers' reallocation requests, Grant Recipient's recommendations, and justifications for the reallocations. The Council will follow the same decision-making process outlined in sections 2.1.4 through 2.1.5.
  - 5.1.7. Contract Services staff will then negotiate the contract changes with the relevant providers and prepare the necessary contract amendments.
  - 5.1.8. Once approved, amendments are implemented by the providers.

### 6. **PROCESS #5: GUIDELINES FOR REALLOCATION OF PROJECTED UNSPENT FUNDS AT THE END OF THE FUNDING CYCLE**

This guideline describes the procedure to be followed by the Grant Recipient when reallocating projected unspent funds at the end of the funding cycle. Since these reallocations occur within a few days of the end of the contract year and are typically under \$20,000, these reallocations are made by Contract Services and HIVPAC staff. Generally, these reallocations occur within a provider's contract, moving funds between services, so no contract amendments are required. Decisions are based on the criterion that funds will be reallocated so as to maximize the use of Ryan White Act funding and minimize the amount of potential carryover funds in a manner consistent with demonstrated service needs.

Any reallocations greater than \$20,000 must be approved by the Council. The Council must also approve final expenses and carryover funds, if appropriate.