



**AUDITOR OF STATE**

**STATE OF OHIO**

**CHILD PROTECTIVE SERVICES**

**THE MARSH FOUNDATION**

**REPORT ON AGREED-UPON PROCEDURES**

**JANUARY 1, 1998 THROUGH DECEMBER 31, 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**THE MARSH FOUNDATION  
REPORT ON AGREED-UPON PROCEDURES**

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**THE MARSH FOUNDATION  
REPORT ON AGREED-UPON PROCEDURES**

**BOARD OF TRUSTEES AND ADMINISTRATIVE PERSONNEL  
AS OF DECEMBER 31, 1998**

<b>NAME</b>	<b>TITLE</b>	<b>TERM</b>
<b>BOARD OF TRUSTEES</b>		
Sumner J. Walters	Member	June 9, 1970 to Present
P.W. Wally Purmort, Jr.	Member	November 20, 1981 to Present
Donald C. Sutton	Member	March 19, 1987 to Present
<b>ADMINISTRATIVE PERSONNEL</b>		
James E. Price	Executive Secretary/Treasurer	March 29, 1993 to Present
David Giesen	Director of Children's Programs	January 1, 1995 to Present
Tim Dull	Director of Treatment Foster Care	April 22, 1991 to Present
Jan Giesen	Director of Group Homes	January 1, 1995 to Present
Kyan Renner	Director of Clinical Services	July 1, 1997 to Present

Agency Address:

The Marsh Foundation  
1229 Lincoln Highway  
P.O. Box 150  
Van Wert, Ohio 45891



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
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**Independent Accountants' Report**

Jacqueline Romer-Sensky, Director  
Ohio Department of Job and Family Services  
30 East Broad Street  
Columbus, Ohio 43266-0423

Dear Director Sensky:

Pursuant to the memorandum of understanding signed July 6, 1999 between the Ohio Department of Job and Family Services<sup>1</sup> (ODJFS or Department), formerly known as the Ohio Department of Human Services (ODHS), and the Auditor of State (AOS), we have conducted a "Child Protective Services/Special Title IV-E Review ("Review") and performed the procedures summarized below for The Marsh Foundation (Marsh or Placement Agency) for the period January 1, 1998 through December 31, 1998 ("the Period"). These procedures were performed solely to determine if the Placement Agency complied with the provisions of certain Federal and State laws and regulations applicable to a private noncustodial agency (PNA). The applicable laws and regulations are described in the attached *Supplement to Report on Agreed-upon Procedures under Legal Authority*.

This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the users of the report. The report on agreed-upon procedures is intended for the information of ODJFS, however, the report will be a matter of public record and its distribution will not be limited. Consequently, we make no representation regarding the sufficiency of the procedures discussed below for the purpose for which this report has been requested or for any other purpose. The procedures we performed are summarized as follows:

1. We examined all expenditures made by the Placement Agency in the Period for compliance with terms and conditions of its contractual agreements and provisions of applicable laws and regulations.
2. We scanned all receipts and deposits from the applicable public children services agencies to the Marsh Foundation for the Period to determine whether receipts were properly deposited and recorded in the accounting records of the Placement Agency.
3. We compared the Placement Agency's per diem paid to the foster parents with the corresponding per diem it received from Mercer County Department of Job and Family Services (MCDJFS) formerly known as the Mercer County Department of Human Services (MCDHS) to determine the ratio of payments for administration and maintenance.

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<sup>1</sup> The merger of the Ohio Department of Human Services and the Ohio Bureau of Employment Services to become the Ohio Department of Job and Family Services (ODJFS) took effect July 1, 2000.

4. We documented and tested the Placement Agency's internal control policies and procedures relating to: 1) cash disbursements and expenses; 2) revenues; 3) personnel and payroll; 4) accounts receivable; 5) inventories; 6) fixed assets.
5. We tested internal administrative controls over compliance with the requirements of the Title IV-E program and the Ohio Administrative Code Chapter 5101:2

On September 14, 2000, we held an exit conference with the following:

<u>Name</u>	<u>Office/Position</u>
James Price	The Marsh Foundation Executive Secretary/Treasurer
Sumner J. Walters	The Marsh Foundation Trustee
P.W. Wally Purmort, Jr.	The Marsh Foundation Trustee
Donald C. Sutton	The Marsh Foundation Trustee
David Giesen	The Marsh Foundation Director of Child Programs
Tim Dull	The Marsh Foundation Recruitment Director
Michael Mileusnich	ODJFS Internal Auditor
Gregory W. Kelly	Auditor of State Assistant Chief Deputy Auditor
Edna Frezgi	Auditor of State Deputy Auditor
Carolyn Curry	Auditor of State Assistant Auditor 3

Our detailed procedures and the results of applying these procedures are contained in the attached *Supplement to Report on Agreed-upon Procedures*. Because these procedures do not constitute an examination conducted in accordance with generally accepted auditing standards, we do not express an opinion or limited assurance on any of the accounts or items referred to above. Also, we express no opinion on the Placement Agency's internal control system over financial reporting or any part thereof. Had we performed additional procedures, or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you. This report addresses transactions relating to the above procedures only and does not extend to the financial statements of the Placement Agency, taken as a whole.

This report is intended for the information of the officials of ODJFS and is not intended to and should not be used by anyone other than this specified party. However, this report is a public record, and is available upon specific request.

JIM PETRO  
Auditor of State

August 24, 2000

**THE MARSH FOUNDATION  
SUPPLEMENT TO REPORT ON AGREED-UPON PROCEDURES**

**BACKGROUND INFORMATION**

The challenge of child welfare reform is formidable and we commend ODJFS on its recent efforts to reform the child welfare system. The Department has invited a comprehensive group of stakeholders to participate in its child welfare reform initiative. On April 6, 1999, the Department Director requested that the Auditor of State assist the Department in its efforts to improve the child welfare system by conducting a performance audit of its child welfare program. In collaboration with ODJFS and the stakeholders group, the child welfare performance audit will identify issues that are preventing effective and efficient delivery of high quality services to children and families, and recommend methods to improve the Department's processes. ODJFS should consider the audit findings and recommendations presented in our report as it attempts to bring about needed improvements and reform. The report will be released in the winter of 2000.

The results of our Child Protective Services performance audit of Montgomery County Children Services Agency and the special audit of Searchlight C.A.R.E. Inc., released February 10, 2000 and June 3, 1999 respectively, identified the need for significant improvement of the child welfare system. In each of these audits the Auditor of State made recommendations directed at increasing and improving fiscal accountability and compliance with applicable laws and regulations.

In response to concerns about a lack of fiscal accountability and questionable business practices, a memorandum of understanding was signed July 6, 1999, between ODJFS (formerly ODHS) and the Auditor of State (AOS). This memorandum formalized an agreement that ODJFS and AOS would perform certain agreed-upon procedures under the supervision of the AOS. The agreement called for the AOS to supervise the engagement, issue the report and provide training to selected ODJFS staff members. The procedures are being performed at twenty-five private agencies for periods beginning January 1, 1998 and extending for a minimum of twelve months or a maximum of eighteen months.

**LEGAL AUTHORITY**

**Administration of Title IV-E Funds**

Title IV-E of the Social Security Act authorizes the payment of federal funds to states to provide foster care to children who have been removed from their homes through a voluntary placement agreement or judicial determination.<sup>2</sup> The program is administered at the federal level by the Administration for Children and Families (ACF), United States Department of Health and Human Services.

In the State of Ohio, the Department of Job and Family Services (formerly ODHS) acts as the single state agency to administer federal payments for foster care, and shall adopt rules to implement this authority.<sup>3</sup> Within ODJFS, the program is administered by the Office of Child Care and Family Services.

At the local level, each county's public children services agencies (PCSA) or department of human services administer funds provided under Title IV-E of the Social Security Act in accordance with the rules adopted by the state Department of Human Services.<sup>4</sup>

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<sup>2</sup> 94 Stat. 501 (1980), 42 U.S.C. Section 671, as amended.

<sup>3</sup> Ohio Rev. Code Section 5101.141 (A). Rules established pursuant to this authority are found at Ohio Admin. Code Chapter 5101:2-47.

<sup>4</sup> Ohio Rev. Code Section 5153.16 (A) (14).

**THE MARSH FOUNDATION  
SUPPLEMENT TO REPORT ON AGREED-UPON PROCEDURES**

**Public Children Services Agency Contractual Requirements**

PCSA's are authorized to enter into contracts with PCPAs or PNAs to provide care and services which it deems to be in the best interest of any child who needs or is likely to need public care and services.<sup>5</sup> PCPA/PNAs are licensed by ODJFS to act as a representative of ODJFS in recommending family foster homes for certification; accept temporary, permanent and legal custody of children; and place children for foster care or adoption. Mercer County Department of Job and Family Services (MCDJFS), a PCSA, did not enter into such an agreement with The Marsh Foundation, a PNA (See Issue 5-1).

**Billing Process**

The PCPA or PNA submits an invoice monthly to the PCSA. The invoice contains specific information on each child, his or her per diem rate and the number of days in placement. Each month, the PCSA pays the PCPAs and PNAs based on their previous month's invoice, and reports to ODJFS the amount paid for each child and for other services including, but not limited to, case management, transportation for the children, recruiting and training foster parents.<sup>6</sup>

**Reports and Records**

Not-for-profit PCPAs and PNAs that provide foster care services for children eligible under the Title IV-E program are required to submit cost reports annually to ODJFS.<sup>7</sup> Costs reported are used to determine a maximum allowable reimbursement rate under the Title IV-E program for foster care maintenance payments and administrative costs. ODJFS requires that the governing body of the PCPA or PNA authorize and review an annual audit with an opinion of the organization's finances by an independent certified or registered public accountant, and asks that<sup>8</sup> and asks that a copy of the last completed audit be submitted with the annual cost report.

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report...<sup>9</sup>

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<sup>5</sup> Ohio Rev. Code Section 5153.16 (C)(2)(a)(v).

<sup>6</sup> Ohio Admin. Code Section 5101:2-47-11(G). Prior to 5/1/98, these requirements were generally contained in Ohio Admin. Code Section 5101:2-47-65(E).

<sup>7</sup> Form ODHS 2910 Purchased Family Foster Care Cost Report is applicable to PCPAs and PNAs. Annual filing requirement is found at Ohio Admin. Code Section 5101:2-47-24(D). Prior to 5/1/98, the annual filing requirement was contained in Ohio Admin. Code Section 5101:2-47-20(C)(1).

<sup>8</sup> Ohio Admin. Code Section 5101:2-5-08(A)(5). Effective 7-1-00, after the audit period, ODJFS amended this rule to provide that for PCPAs and PNAs with an annual gross income of less than \$300,000, it would be sufficient to prepare a written annual financial statement of the PCPA or PNA finances in accordance with generally accepted accounting principles. In addition to having the governing board authorize and review the required financial statements and audits, the amended rule requires agencies to submit them to ODJFS.

<sup>9</sup> Office of Management and Budget (OMB) Circular A-110 Uniform "Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations: Subpart C Paragraph 53 (b).



**THE MARSH FOUNDATION  
SUPPLEMENT TO REPORT ON AGREED-UPON PROCEDURES**

**Cost Principles**

Title IV-E foster care maintenance payments are designed to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation.<sup>10</sup>

Allowable and unallowable cost guidelines for use in completing the cost reports are contained in the Ohio Administrative Code and Office of Management and Budget Circular A-122 *Cost Principles for Non-Profit Organizations*.

In addition, because the PCPAs and PNAs enjoy federal tax-exempt status, they are directly precluded from assigning any part of their net earnings to the benefit of any private shareholder or individual..<sup>11</sup>

Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, establishes an audit requirement for federal funds (including Title IV-E funds) administered by state and local governments and non-profit entities, and authorizes auditors to question unallowed costs which appear to have resulted from a violation of law, regulation or other agreement governing the use of such funds, costs which are not supported by adequate documentation, or appear unreasonable.<sup>12</sup>

ODJFS codified the cost principles to which the PCPAs and PNAs are subject to by its promulgation of Ohio Admin. Code Sections 5101:2-47-11(C) and 5101:2-5-08 (G).

Admin. Code Section 5101:2-47-11(C), states: "Allowable and unallowable cost guidelines for use in completing the ODHS 2909 and ODHS 2910 are contained in rules 5101:2-47-25 and 5101:2-47-26 of the Administrative Code and the office of management and budget (OMB) circulars A-87 and A-122."<sup>13</sup> Specifically, ODJFS considers certain costs to be unallowable for purposes of calculating the rate at which foster care maintenance costs can be reimbursed with federal Title IV-E funds including, but not limited to, contributions, donations, or any outlay of cash with no prospective benefit to the facility or program; entertainment costs for amusements, social activities, and related costs for staff only; and costs of activities prohibited under section 501(c)(3) of the Internal Revenue Code.<sup>14</sup>

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<sup>10</sup> 42 U.S.C. Section 675 (4) (A).

<sup>11</sup> 26 U.S.C. Section 501(c)(3)

<sup>12</sup> Pursuant to her rulemaking authority under the Single Audit Act, 31 U.S.C. Section 7505, the Secretary of the Department of Health and Human Services has promulgated a regulation which provides that state and local governments, as well as recipients and subrecipients that are non-profit organizations, are subject to the audit requirements contained in the Single Audit Act, 31 U.S.C. Sections 7501 et seq., and OMB Circular A-133. See 45 C.F.R. Section 74.26(b) and (a) (1999), respectively.

<sup>13</sup> Prior to 5/1/98, applicable cost guidelines were contained at Ohio Admin. Code Sections 5101:2-47-63 and 5101:2-47-64.

<sup>14</sup> Ohio Admin. Code 5101:2-47-26. Prior to 5/1/98, these requirements were contained in Ohio Admin. Code Section 5101:2-47-64.

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Admin. Code Section 5101:2-5-08 (G) states, "A PCPA or PNA shall not permit public funds to be paid or committed to be paid to any corporation, firm, association or business in which any of the members of the governing body of the agency, the executive personnel or their immediate families have any direct or indirect financial interest, or in which any of these persons serve as an officer or employee, unless the services or goods involved are provided at a competitive cost or under terms favorable to the PCPA or PNA. The PCPA or PNA shall make written disclosure, in the minutes of the board, of any financial transaction of the PCPA or PNA in which a member of the board or his/her immediate family is involved."

The Office of Management and Budget Circular A-110 *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations* establishes standards for uniform administrative requirements for Federal grants and agreements with institution of higher education, hospitals, and other nonprofit organizations. Subpart C of Circular A-110 set forth requirements regarding: financial and program management, property and procurement standards, reports and records and termination and enforcement.

**Reimbursement Process**

The reimbursement process begins early each fiscal year when ODJFS disburses funds to the counties under its state plan for foster care approved by the Secretary of the U.S. Department of Health and Human Services. ODJFS submits quarterly reports to the U.S. Department of Health and Human Services (HHS) for reimbursement of federal financial participation (FFP) in foster care payments<sup>15</sup> made to the PCPAs and PNAs.

In 1998, the FFP was 58% for maintenance payments<sup>16</sup> made and 50% for administrative costs<sup>17</sup> incurred under the Title IV-E program.

Each PCSA negotiates a foster care per diem rate (which includes maintenance and administrative costs) for each foster child placed with a PCPAs or PNAs. Maximum allowable federal reimbursement under Title IV-E for maintenance payments and administrative costs are set by ODJFS. The PCPA/PNA may contract with foster parents at a different foster care per diem rate for each foster child.

**Allowable Costs**

The Ohio Administrative Code and Office of Management and Budget Circular A-122 *Cost Principles for Non-Profit Organizations*, formed the criteria to which we referred during our testing to determine if the expenditures at the Marsh Foundation were allowable, reasonable and necessary in the performance of foster care maintenance and administrative case management.

**ODJFS OVERSIGHT RESPONSIBILITY**

In our Child Protective Services Performance Audit, Montgomery County Children Services Agency audit issued February 10, 2000 we stated:

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<sup>15</sup> Ohio Admin. Code Section 5101:2-47-11 recites the foregoing reporting and reimbursement requirements. Prior to 5/1/98, these provisions were recited in Ohio Admin. Code Sections 5101:2-47-20 and 5101:2-47-65.

<sup>16</sup> 45 C.F.R. 1356.60(a)(2)(1999); ODHS Administrative Procedure Letter No. 245, dated 9/22/97; ODHS Family, Children & Adult Services Procedure Letter No. 61, dated 9/9/98.

<sup>17</sup> 45 C.F.R. 1356.60(c)(1999); ODHS Administrative Procedure Letter No. 245, dated 9/22/97; ODHS Family, Children & Adult Services Procedure Letter No. 61, dated 9/9/98.

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“Ohio’s system of state supervised, county administered foster care has significant gaps in monitoring and oversight. As a result, it is ineffective in protecting children and providing permanent placement and inefficient in the cost and quality of services delivered. The general lack of written agreements that clearly identify the duties and responsibilities of the contracting parties and remedies for breach contributed to the inefficiencies.”

In its role as the single state agency<sup>18</sup> responsible for the administration of foster care, ODJFS must take the necessary measures to close the significant gaps in monitoring and oversight indicated in that audit and corroborated in this report of agreed upon procedures of The Marsh Foundation and other private agencies.

The above statement reflects a systemic weakness identified in the foster care engagements.

To close that gap, we recommend ODJFS do the following:

1. Establish through rule a standard contracting requirement for PCSAs using the services of private agencies that effectively sets forth all applicable compliance requirements, fiscal accountability standards and allowable cost.
2. Design and implement an effective system of program monitoring of public and private agencies to ensure fiscal accountability and program compliance that includes desk reviews of all cost reports and periodic site visits at public and private agencies.
3. Design and implement a cost reimbursement system that properly classifies and allocates cost in a manner that ensures claims are properly submitted in accordance with applicable rules and regulations.
4. Establish guidance that sets forth the minimum standards for public and private agencies to document their fiscal accountability and legal compliance to ODJFS, the Auditor of State or their designated representative during an audit or review.
5. ODJFS should establish by administrative rule a cap on the percentage of the private agency’s allowable administrative cost. This administrative cost cap should be structured in a manner that maximizes the amounts expended for maintenance and other direct services to children, while allowing a reasonable percentage for necessary administrative costs.

**RESOLUTION OF QUESTIONED COSTS**

Certain deficiencies identified in our Review may require us to report questioned costs to the U.S. Department of Health and Human Services and ODJFS.

OMB Circular A-133 defines questioned costs<sup>19</sup> as follows:

“Questioned cost means a cost that is questioned by the auditor because of an audit finding:

1. Which resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of Federal funds;

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<sup>18</sup> Ohio Rev. Code Section 5101.141(A).

<sup>19</sup> Office of Management and Budget (OMB) Circular A-133, Subpart A, .105 Definitions.

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2. Where the costs, at the time of the audit, are not supported by adequate documentation; or
3. Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.”

The foster care program in Ohio is funded with a combination of federal, state and local funds. Historically the percentage of funding has averaged approximately 37% federal, and 10% state reimbursement, and 53% local. During fiscal year 1998 the percentage of funding was 40% federal, and 10% state reimbursement and 50% local funds. These funds are commingled when paid to the Placement Agency to perform the program functions for which it is certified by ODJFS to perform. The accounting systems of the Placement Agencies, in general, are not designed to classify or track expenditures by the source of funds and it is difficult, if not impossible to match expenditures that result in questioned costs with the corresponding source of funds.

When reporting questioned costs we did not attempt to allocate those cost among the entities that provided the funding. However, we do recommend that as part of its resolution of our findings that ODJFS, in addition to requiring the Placement Agency to submit a corrective action plan, do the following:

- (1) Seek full recovery of questioned cost resulting from the Placement Agency's actions, through payment or adjustment.
- (2) Take measures to rationally allocate the recovered costs among the entities that provided the funding.
- (3) Reimburse the funding entities by payment or adjustment based on the allocation.

**AGENCY INFORMATION**

The Marsh Foundation, which is headquartered in Van Wert, Ohio, is a private noncustodial agency (PNA) that was established on February 7, 1934 as a nonprofit organization which is exempt from federal income tax under Internal Revenue Service Section 501 (c)(3). The Marsh Foundation is licensed by the ODJFS to recommend families to become foster families, place children in foster homes, operate a group home, and to operate or provide independent living arrangements. When a county children service agency needs a home for a foster child, it can contact agencies such as the Marsh Foundation to place the child. The group of family foster homes(private foster network) utilized by the Marsh Foundation has been in place since 1993. The Marsh Foundation places foster children primarily for Mercer County Department of Job and Family Services. The Marsh Foundation has provided services to Auglaize, Mercer, Wood, Paulding, Hancock, Henry, Adams (IN), Washington, Hardin, Putnam, Van Wert and Shelby County public children services agencies’.

The Marsh Foundation was established with a \$4,000,000 endowment from the will of George H. Marsh on August 13, 1920. The value of these assets as of December 31, 1998 amounted to \$38,362,725. The endowment was used to maintain the orphanage that was established in 1920. Student enrollment at the Marsh Foundation provides the family the support it needs to realistically evaluate its current status, review options, and begin working toward reunification of the family where practical.

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The following table shows statistical information about the agency for 1998 taken from the ODHS 2910 Purchased Family Foster Care Cost Report and other documentation provided by the Placement Agency:

**Table I  
The Marsh Foundation  
Foster Care Statistics**

<b>Characteristic</b>	<b>Statistic</b>
Daily Average Number of Children in Placement	14
Number of Active Licensed Foster Homes	14
Average Per Diem Rate	\$55 - \$100
Number of PCSA from Which Agency Receives Children	11
Required Training for Foster Caregiver Orientation	30.5 Hours
Required Annual Training for Foster Caregiver	24 Hours
Expenditures Reported per the Title IV-E Purchased Family Foster Care Cost Report	\$324,275
Characteristics of Children Placed by Agency	Traditional to Intensive levels of care

During the Period, the Marsh Foundation's staff consisted of 88 people, 6 in foster care, including an foster care coordinator, director of children's programs, director of training, foster care asst. coordinator, foster care secretary, and intake coordinator to provide the needed counseling and case management services to the foster children and foster parents.

The Marsh Foundation's revenues were comprised primarily of income from investments. The total revenues received by from Mercer County Children Services for foster care services during the Period of January 1, 1998 to December 31, 1998 was \$102,325.

The following table shows the sources of revenue per the general ledger for the calendar year 1998 and the percentage of total revenue for each source.

**THE MARSH FOUNDATION  
SUPPLEMENT TO REPORT ON AGREED-UPON PROCEDURES**

**Table II  
The Marsh Foundation  
Revenue by Source**

	<b>1998</b>	<b>Percent of Total Revenue</b>
Mercer County	\$ 102,325	6
Paulding County	45,155	3
Adams County	33,372	2
Auglaize County	23,145	1
Van Wert County	63,140	3
All other Counties	28,244	1
Teaching Family Program	704,202	39
Loss on Investments	(743,003)	(41)
Dividend/Investment Income	1,164,159	64
Other School Income	44,309	3
Rental Income	350,310	19
<b>Totals</b>	<b>\$1,815,358</b>	<b>100%</b>

**Relevant Individuals**

Sumner J. Walters

Sumner J. Walters was appointed as a trustee on June 9, 1970. Mr. Walters is an equal board member with two others, all of who were appointed by the Judges of the Third District Court of Appeals, located in Lima, Ohio, to oversee the operations of The Marsh Foundation.

P.W. Wally Purmort, Jr.

P.W. Wally Purmort, Jr. has served as an equal member of the board since November 20, 1981. He was appointed by the Judges of the Third District Court of Appeals, located in Lima, Ohio, to oversee the operations of The Marsh Foundation.

Donald C. Sutton

Donald Sutton has served as an equal member of the board since March 19, 1987. He was appointed by the Judges of the Third District Court of Appeals, located in Lima, Ohio, to oversee the operations of The Marsh Foundation.

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James E. Price

James E. Price is the Executive/Secretary of the Marsh Foundation. He has been with the Placement Agency since 1993. He is responsible for keeping the financial records and filing monthly and annual reports, the managing of maintenance and support personnel, evaluation of buildings maintenance of all the Marsh Foundation properties with timely reporting to the Trustees of current, short and long term needs.

David Giesen

David Giesen is the Director of Children Programs and is a licensed foster caregiver. He has been with the agency since 1995. He is responsible for providing and/or the supervision of the provision of consultation, training and evaluation services, crisis intervention, collateral and referral services for the clientele served by the agency.

Tim Dull

Tim Dull is the Director of Treatment Foster Care and is a licensed foster caregiver. He has been with the agency since 1991, and is responsible for providing and/or the supervision of the provision of consultation, training and evaluation services, crisis intervention, collateral and of referral services for the clientele served by the agency.

<b>ISSUE 1</b>	TEST OF EXPENDITURES IN ACCORDANCE WITH TERMS OF AGREEMENTS AND APPLICABLE LAWS
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**Objective:**

To examine all expenditures for compliance with contractual agreements, applicable laws and regulations, and proper business purposes at The Marsh Foundation.

**Procedures Performed:**

1. We obtained all canceled checks for non-payroll disbursements made by The Marsh Foundation for each month during the Period (See Issue 5 for test of payroll disbursements).
2. We examined details of every canceled check returned by the bank during the Period including vendor, amount, authorizing signature and endorsement.
3. For selected disbursements which were not adequately documented and did not appear reasonable considering: the nature of business or the vendor; high dollar amounts; checks payable to the staff or foster parents or improper authorization, we requested supporting documentation, such as invoices.
4. We examined the supporting document to determine compliance with program requirements for expenditures and for potential self-dealing transactions prohibited by Ohio Administrative Code section 5101:2-5-08 (G).
5. We documented concerns about undocumented or questionable expenditures and interviewed the executive director or designated personnel concerning the expenditures for which supporting documents were not provided.
6. We obtained all credit card statements paid by The Marsh Foundation for the Period and examined details of each charge including vendor, amount, and authorization.

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7. For selected credit card expenditures which were not adequately documented and did not appear reasonable considering: the nature of business or the vendor; high dollar amounts; checks payable to the staff or foster parents or improper authorization, we requested supporting documentation, such as invoices.
8. We documented concerns about undocumented or questionable credit card expenditures and interviewed the executive director or designated personnel concerning the expenditures for which supporting documents were not provided.
9. We examined all car lease payments, determined the percentage of time the cars were used for business and whether personal use was properly disclosed on the employees' W-2.
10. We examined all building lease or mortgage payments to determine property ownership, previous ownership and relationship between current and previous owners and The Marsh Foundation.

**Results:**

We performed the procedures noted for the expenditures tested and found: all checks issued during the Period were accounted for; adequate documentation to support the of the expenditures; the expenditures were authorized or approved by management and in compliance with applicable laws and regulations; personal use of agency furnished vehicles was reported on the employee's W-2 and we found no related parties transactions.

<b>ISSUE 2</b>	<b>TEST OF FUNDING RECEIVED FROM PUBLIC SOURCES</b>
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**Objective:**

To determine whether all receipts and deposits from the applicable public children services agencies to The Marsh Foundation for the Period were properly deposited and recorded in the accounting records of the Placement Agency.

**Procedures Performed:**

1. We determined the types of revenue that The Marsh Foundation received during the Period, by scanning the audited financial statements and the supporting general ledger.
2. We identified the sources of receipts received from bank statements and other related records.
3. We tested a sample of 10% of the monthly billings by the Placement Agency to MCDHS for foster care placements to determine whether the amounts billed were received, and the receipts were deposited and recorded in the Placement Agency's financial records.
4. We scanned all revenue remittances and the general ledger to determine whether revenue had been recorded in the accounting records of the Placement Agency.



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**Results:**

We documented the types of revenue that The Marsh Foundation received as: program service fees from various counties, investment income and rental income. They did not receive medicaid payments during the Period. We obtained documentation from the County Auditor to determine the completeness of the receipts from the MCDJFS. Furthermore, we determined that all MCDJFS disbursements to The Marsh Foundation were receipted, deposited and recorded in its accounting records.

<b>ISSUE 3</b>	<b>TEST OF PAYMENTS TO FOSTER PARENTS</b>
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**Objectives:**

1. To determine whether Title IV-E maintenance funds received by The Marsh Foundation were used in accordance with Social Security Act.
2. To determine whether The Marsh Foundation's per diem payments to the foster parents were in accordance with the authorized schedule of per diem rates.
3. To determine the ratio of the per diem payments used for administration and maintenance.

**Procedures Performed:**

1. We obtained from Mercer County Department of Job and Family Services the ODJFS Title IV-E Disbursement Journals detailing the federal reimbursement to Mercer County Department of Job and Family Services for the months of January 1998 to December 1998 for foster care services. We also obtained from the Mercer County Auditor a vendor payment history report for The Marsh Foundation for the same period and traced these payments to the invoices submitted by The Marsh Foundation.
2. We selected a representative sample of children identified by MCDJFS as Title IV-E eligible children being serviced by The Marsh Foundation. Federal maintenance payments for these children totaled \$29,128 or 60% of the sample.
3. We found the child's name on the appropriate month's ODJFS Title IV-E Disbursement Journal. We documented the amount of federal maintenance reimbursement that would have been paid for each child.
4. We compared payments received by The Marsh Foundation from MCDJFS to the corresponding The Marsh Foundation billing in the month selected for each child in the sample.
5. We determined whether the total amount of the federal reimbursement for maintenance (58%) was used for the care of the foster child.
6. We determined whether the total amount of the county's required match to the federal reimbursement for maintenance (42%) was used for the care of the foster child.
7. We obtained the per diem agreements between the Marsh Foundation and the foster parent for each child in the sample.

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8. We obtained and compared the authorized schedule of per diem rates to rates paid per the agreements between the Marsh Foundation and MCDJFS and between the Marsh Foundation and the foster caregivers.
9. We compared the Marsh Foundation’s per diem paid to the foster parents with the corresponding per diem it received from MCDJFS to determine the ratio of payments for administration and maintenance.

<b>ISSUE 3-1</b>	<b>SYSTEMIC MISCLASSIFICATION OF COSTS RESULTS IN OVER PAYMENT OF THE TITLE IV-E MAINTENANCE REIMBURSEMENT</b>
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**RESULTS**

Payments for foster care maintenance are designed to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child’s personal incidentals, liability insurance with respect to a child, and reasonable travel to the child’s home for visitation.<sup>20</sup>

We selected a sample of 21 children eligible for Title IV-E federal maintenance reimbursements. We found that MCDJFS claimed reimbursement on \$29,128 for foster care maintenance costs, however the Placement Agency only made maintenance payments to foster parents totaling \$20,839. The remaining \$8,289 was retained by The Marsh Foundation and used for administrative costs or other purposes were not used to cover the cost of maintaining children in the foster home as required.

The table below documents the amount of federal questioned cost and overpayment of the Title IV-E federal maintenance reimbursement.

**Table IV  
Overpayment of Title IV-E Maintenance Reimbursement**

Amount Paid to PNA and Claimed by PCSA for Reimbursement of Maintenance Costs	\$29,128
Amount Paid by PNA to Foster Parents for Maintenance	<u>20,839</u>
Federal Questioned Cost	<u>\$8,289</u>

**Projected Questioned Cost:**

We specifically identified \$8,289 of questioned costs in our sample. In order to evaluate the potential effect of questioned costs caused by systemic problems in ODJFS’ cost reporting, rate setting and cost reimbursement processes, we estimated the total likely questioned cost. We used the ratio approach, as illustrated below:

<u>Dollar Amount of Error :</u>		
Dollar Amount of Sample	\$8,289/\$29,128	28.45%
X Dollar Amount of Population		<u>\$173,109</u>
<b>Questioned Cost</b>		<u><b>\$49,262</b></u>

<sup>20</sup> 42 U.S.C. Section 675 (4)(A).

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**Federal Questioned Cost: \$ 49,262**

The Social Security Act requires that maintenance payments be used to meet the expenses as defined in section 675 of the Social Security Act. In our sample, we found that the maintenance cost claimed for federal reimbursement was overstated by \$8,289, and when using the ratio approach resulted in questioned cost of \$ 49,262.

ODJFS should determine the amount of over reporting by the PCSA and re-compute the Title IV-E per diem reimbursement rate that should have been paid to the Placement Agency during the Period and reimburse HHS, ODJFS or the PCSA for the overstated costs.<sup>21</sup>

**Management Comment**

This questioned cost is a result of systemic problems in the ODJFS cost reporting, rate setting, and cost reimbursement processes. We recommend ODJFS redesign those processes to ensure cost are properly classified and reimbursements accurately claimed. We further recommend that an adjustment to correct the overpayment of the Title IV-E maintenance reimbursement be made with the U.S. Department of Health and Human Services.

<b>ISSUE 3-2</b>	<b>RATIO OF PAYMENT FOR ADMINISTRATION AND MAINTENANCE</b>
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**Results:**

We tested the payments from Mercer County Department of Job and Family Services (MCDJFS) to Marsh for a sample of 30 foster children. The payments to the Placement Agency for this sample totaled \$48,565. We noted that the Placement Agency received the correct per diem rates noted in the MCDJFS contract.

The foster parents in the sample received \$27,914, we noted that these foster parents received the correct per diem rates per the MCDJFS contract. The foster parents received \$27,914 or 57 % of the total funds paid to the Placement Agency by MCDJFS. The remaining \$20,651 or 43% was retained by Marsh and used for administrative costs, other direct services to children or other purposes.

**Management Comment:**

ODJFS should establish by administrative rule a cap on the percentage of the private agency's allowable administrative cost. This administrative cost cap should be structured in a manner that maximizes the amounts expended for maintenance and other direct services to children, while allowing a reasonable percentage for necessary administrative costs.

<b>ISSUE 3-3</b>	<b>LACK OF PER DIEM AGREEMENTS WITH FOSTER PARENTS</b>
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**Results:**

Per diem agreements between a Placement Agency and foster parents should represent the agreement of both parties to the terms of the foster care relationship. The Placement Agency should update their per diem agreements with the foster parents when changes occurred (increases or decreases in the assessed level of care rate which effects the amount paid to foster parents).

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<sup>21</sup> Pursuant to Ohio Admin. Code Section 5101:2-47-01(L).

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Of the 30 foster care payments in our sample, we found no contracts existed between the Placement Agency and the foster parent(s). The foster parents were given a policy manual which outlined procedures for payment and were required to sign acknowledging they had read the manual. While changes in the per diem were recorded in the foster parent file, no agreement or amendment was prepared for approval by the Board of Director of Marsh or the foster parent.

By not securing per diem agreements, incorrect amounts could be paid to the foster parent(s). Also, the lack of an effective system of contracting and contract monitoring impairs Marsh's ability to manage costs and ensure it receives the level and quality of services needed.

The Placement Agency did not understand the effect of not completing and updating per diem agreements with foster parents.

**Management Comment:**

The per diem agreement between the Placement Agency and the foster parent should be completed for the placement and each subsequent rate change in a timely manner. This would provide greater assurance to both the Placement Agency and the foster parent that the properly authorized and documented rate would be paid.

<b>ISSUE 4</b>	<b>TEST OF INTERNAL CONTROLS</b>
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**Objectives:**

1. To identify significant internal control weaknesses in the policies and procedures in place at the Placement Agency.
2. To recommend improvements in the internal control system in efforts to eliminate significant noncompliance, and increase fiscal accountability.

**Procedures Performed:**

1. We examined the board of trustees minutes, personnel records, organizational chart and used this information to identify conflicts of interest and self dealing transactions that could result in noncompliance with Ohio Admin. Code Section 5101:2-5-08.
2. We completed an internal control questionnaire, and identified significant weaknesses that existed in the accounting cycle.
3. We documented and tested the Placement Agency's internal control policies and procedures relating to: 1) cash disbursements and expenses; 2) revenues; 3) personnel and payroll; 4) accounts receivable; 5) inventories; 6) fixed assets.

<b>ISSUE 4-1</b>	<b>AUDIT COMMITTEE</b>
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**Results:**

The Audit Committee is essential to enhancing the credibility of the Placement Agency's financial reporting by ensuring the reliability of the audit.

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Generally accepted auditing standards require that auditors communicate the following information to an audit committee:

- The auditors' professional responsibility under generally accepted auditing standards;
- Selections of accounting standards;
- Sensitive accounting estimates;
- Significant audit adjustments;
- Disagreements with management;
- Difficulties encountered in performing the audit.

The Marsh Foundation did not have an audit committee. A well functioning audit committee would better ensure the independence and objectivity of the independent public accountant in addition to making sure the Board of Trustees is aware of significant deficiencies in internal control and noncompliance with laws and regulations.

**Management Comment:**

We recommend that Marsh establish an audit committee. An audit committee could strengthen board oversight by performing the following functions:

- Periodically review the process used to prepare interim financial information submitted to the Board of Trustees;
- Review and evaluate audit results;
- Assure that audit recommendations are appropriately addressed;
- Assure auditors' independence from management; and
- Serve as liaison between management and independent auditors.

The audit committee should include persons knowledgeable of the Placement Agency's operations and in finance and management. The audit committee should meet regularly (perhaps quarterly) to monitor the Placement Agency's financial reporting and internal control activities, and should meet with its independent auditors before and after each audit.

<b>ISSUE 4-2</b>	<b>SAFEGUARDING OF THE ASSETS</b>
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**Results:**

An agency's assets should be safeguarded from unauthorized use or theft. Furthermore, an agency should establish a policy on use of its assets and procedures to safeguard and account for them.

During the Period we noted that unsigned checks for Marsh's operating account were kept in an unlocked and unsecured drawer. It was further noted that Marsh did not have a policy on the safeguarding and accountability of assets (i.e. fixed assets). Failure to adequately control all checks and assets exposes the Agency to the risk that theft or unauthorized or unallowable expenditures could occur and go undetected.

**Management Comment:**

We recommend that Marsh develop a policy on the safeguarding and accountability of assets, such as fixed assets and unused checks. Development and communication of this policy would reduce the risk of unauthorized or unallowable expenditures or theft of agency assets. The policy should require that agency assets be kept secure and regularly accounted for.

**THE MARSH FOUNDATION  
SUPPLEMENT TO REPORT ON AGREED-UPON PROCEDURES**

<b>ISSUE 4-3</b>	FIXED ASSET POLICY
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**Results:**

A comprehensive written fixed asset policy would increase the Placement Agency's ability to properly account for its fixed assets, and ensure they are adequately safeguarded from loss, theft or unauthorized use.

Per the internal control questionnaire and discussion with the client, the Placement Agency did not have a written fixed asset policy or procedures for the treatment of capital expenditures and repairs. The Placement Agency relied upon its external auditors to calculate the fixed asset balances and related depreciation expense and accumulated depreciation reported in the financial statements.

Failure to maintain accurate accounting records increases the risk that assets which may have been lost, stolen, or improperly used would go undetected. This could over/under state the fixed assets reported by the entity in its financial statements.

**Management Comment::**

We recommend that Marsh develop and implement a fixed asset policy that, at a minimum, provides guidance on the following:

- The types of fixed asset records to maintain
- Categories of fixed assets
- Capitalization thresholds
- Retirements and transfers
- Depreciation
- Fixed Asset Inventories
- Authorized use of its assets

This would promote the consistent treatment of similar assets, safeguard them from theft or misuse and improper and accurate reporting of the fixed assets and related depreciation on the financial statements.

<b>ISSUE 5</b>	TEST OF INTERNAL ADMINISTRATIVE CONTROLS OVER COMPLIANCE WITH REQUIREMENTS OF THE TITLE IV-E PROGRAM AND THE OHIO ADMINISTRATIVE CODE CHAPTER 5101:2
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**Objectives:**

1. To identify the administrative compliance requirements of the foster care program.
2. To identify significant administrative noncompliance with the provisions of the foster care program.
3. To determine if the Family Foster Home Records, completed and maintained by the PCPA/PNA, were in compliance with applicable sections of the Ohio Administrative Code.
4. To determine whether Title IV-E maintenance funds received by The Marsh Foundation were used in accordance with Social Security Act.
5. To determine whether the cost reports submitted to ODJFS by The Marsh Foundation were accurate and completed in accordance with ODJFS regulations.

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SUPPLEMENT TO REPORT ON AGREED-UPON PROCEDURES**

**Procedures Performed:**

1. We examined the board of trustees minutes, listing, and organizational chart and used this information to check for conflicts of interest and self dealing transactions prohibited by compliance with Ohio Admin. Code Section 5101:2-5-08.
2. We determined whether the family foster home files were maintained in compliance with the applicable rules prescribe in Ohio Admin. Code Chapter 5101:2.
3. We determined whether the PCPA/PNA established a policy on: respite care; alternative care arrangement; residency; training and verification of income and prior childcare experience and if they were authorized and documented.
4. We compared wages paid as identified on the ODHS 2910 cost report to wages paid as identified on the payroll records.
5. We traced potential questioned cost to the cost report.

<b>ISSUE 5-1</b>	<b>PURCHASE OF SERVICE AGREEMENTS</b>
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**Results:**

The Ohio Administrative Code requires that public children services agencies enter into purchase of service agreements with providers of purchased family foster care. The agreement must specify that foster care maintenance, administrative case management, and case planning and related administrative activities are being purchased.<sup>22</sup> In addition, sound business practices and public policy dictate that contracts between parties stipulate issues of fiscal accountability, compliance, and record retention among other responsibilities of the contracting parties.

The Marsh Foundation did not enter into a purchase of service agreement with MCDJFS. Individual childcare agreements for each child were executed.<sup>23</sup>

The lack of an effective system of contracting and contract monitoring impairs the PCSA's ability to manage costs and increases the risk that requested services may not be provided or that improper amounts may be billed.

**Management Comment**

ODJFS should establish through rule a standard contracting requirement for PCSAs using the services of private agencies that effectively sets forth all applicable compliance requirements, fiscal accountability standards and allowable cost.

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<sup>22</sup> Ohio Admin. Code Section 5101:2-33-18(A).

<sup>23</sup> Ohio Admin. Code Section 5101:42-90(I). Prior to 7-1-00, the requirement for individual written childcare agreements was contained in Ohio Admin. Code Section 5101:2-42-91(A).

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<b>ISSUE 5-2</b>	<b>CHANGE OF ADDRESS, MARITAL STATUS AND OCCUPANCY REQUIREMENTS</b>
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**Results**

Ohio Admin. Code Section 5101:2-5-30(A) states in pertinent part: “Upon notification of any change in household occupancy of a family foster home, change in marital status, or change in address, the recommending agency shall evaluate the change within thirty days of the agency’s receipt of notification to determine if the foster caregiver is capable of providing continued care for foster children, to determine that new household occupants meet any applicable requirements of Chapter 5101:2-5 or Chapter 5101:2-7 of the Administrative Code, or to determine if the new site of the family foster home meets all of the requirements of Chapter 5101:2-7 of the Administrative Code.”

The change was documented in the file, but the recommending agency evaluation was not completed or documented for the 8 of 8 changes (4 changes of marital status; 4 changes of address) notifications tested. Furthermore in one of ten family foster files reviewed the Placement Agency failed to document and evaluate the presence of another adult who resided in the household for more than two weeks. Failure to comply with this provision could result in an unsuitable placement that does not best meet the needs of the foster child.

**Management Comment**

We recommend that The Marsh Foundation develop procedures to ensure timely evaluations upon notification of changes. We recommend ODJFS establish guidelines and standards for PCPAs and PNAs to document their compliance with the administrative rules governing changes in the foster family home.

<b>ISSUE 5-3</b>	<b>FIRE SAFETY INSPECTION OR SAFETY AUDIT</b>
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**Results**

Ohio Admin. Code Section 5101:2-5-30 (B) states, “If the change is a change of address, the agency shall require a fire safety inspection or use the ODHS 1348 “Safety Audit” pursuant to paragraph (H) of rule 5101:2-5-20 of the Administrative Code.”

One of the ten foster family files reviewed revealed that the agency did not document that a fire safety inspection or a safety audit had been performed upon notification of an address change.

Failure to complete the fire safety inspection or the safety audit could result in increased risk that the foster home may be unsuitable for foster care.

**Management Comment:**

To ensure compliance, we recommend that the Placement Agency staff responsible for the documentation of information in the family foster home files develop a check list to ensure that all criteria have been met in a timely manner, and documented in the foster caregiver case file. We further recommend that the agency establish a system of monitoring controls to ensure continuous compliance.



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SUPPLEMENT TO REPORT ON AGREED-UPON PROCEDURES**

<b>ISSUE 5-4</b>	<b>INCOME SUFFICIENT TO MEET THE BASIC NEEDS</b>
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**Results:**

Ohio Admin. Code Section 5101:2-7-02 (D) provides: “A foster caregiver shall have income sufficient to meet the basic needs of the household and to make timely payment of shelter costs, utility bills and other debts.”

Ohio Admin. Code Section 5101:2-5-20 (C)(1) provides: “An agency shall not accept an application for a family foster home certificate and approval for adoptive placement which does not contain complete and accurate information.” The Placement Agency must take steps to assure the completeness and accuracy of information on the application.

During our Review we found that The Marsh Foundation did not document the applicant’s income was sufficient to meet the basic needs of the household in 9 of the 10 foster home files reviewed, nor did Marsh take adequate measures to ensure the information on the family foster home applications submitted was complete and accurate. In addition, foster parent income and employment was not documented as verified in 9 out of 10 family foster home applications files reviewed.

Failure to verify the completeness and accuracy of information on the Family Foster Home Application increases the risk that unsuitable applicants may be recommended and approved. In addition ODJFS had not established guidelines and standards for Placement Agencies to document their compliance with this requirement

**Management Comment:**

We recommend that ODJFS establish guidelines and standards for Placement Agencies to document their compliance with the administrative rules governing the licensing of family foster homes.

<b>ISSUE 5-5</b>	<b>ODJFS NOTIFICATION OF CHANGES</b>
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**Results:**

Ohio Administrative Code Section 5101:2-5-30 (C) provides: “An agency shall submit an ODHS 1317 “Recommendation or Certification/Recertification of a Family Foster Home” to ODJFS to recommend any change which would cause a change on the face of the certificate. Such recommendation shall be made within thirty days of the agency’s receipt of notification.”

We found that the agency did not submit the required ODHS 1317 upon notification of a change for 8 of the 8 changes (4 changes of marital status; 4 changes of address) within thirty days of the agency’s receipt of notification.

Failure to comply with this provision could result in an inaccurate address or location of the placement of a foster child.

**Management Comment:**

To ensure compliance, we recommend the Placement Agency staff responsible for the documentation of information in the family foster home files develop a check list to ensure that all criteria have been met in a timely manner, and documented in the foster caregiver case file. We further recommend that the agency establish a system of monitoring controls to ensure continuous compliance.

**THE MARSH FOUNDATION  
SUPPLEMENT TO REPORT ON AGREED-UPON PROCEDURES**

<b>ISSUE 5-6</b>	TITLE IV-E COST REPORT
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**Results:**

\$49,262 detailed as federal questioned cost in Issue 3-1, was charged against the foster care program, and reported as allowable costs on the 1998 ODHS 2910 Purchased Family Foster Care Cost Report. Ineligible costs claimed on the cost report could result in overstated per diem rates and therefore overstated federal reimbursement.

ODJFS must determine the amount of over reporting by The Marsh Foundation and re-compute the Title IV-E per diem reimbursement rate that should have been paid to The Marsh Foundation during the Period and reimburse HHS, ODJFS or the PCSA for any over reimbursement resulting from the overstated costs.<sup>24</sup> Failure to properly classify program costs could result in federal questioned costs and have an adverse effect on the Title IV-E rate setting process.

The 1998 audited financial statements were submitted along with the 1998 cost reports. ODJFS' failure to implement comprehensive desk reviews and field audits resulted in an unacceptable level of risk that ineligible costs could be reported and the Title IV-E reimbursement overstated.

**Management Comment**

ODJFS should develop and implement an effective process to detect ineligible costs reported for Title IV-E reimbursement. At a minimum, ODJFS should consider a comprehensive review of all cost reports and comparison of those cost reports to audited financial statements. Controls could be further enhanced by conducting field audits selected on a sample basis using a risked-based approach.

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<sup>24</sup>

Pursuant to Ohio Admin. Code Section 5101:2-47-01(L).

**THE MARSH FOUNDATION  
SUPPLEMENT TO REPORT ON AGREED-UPON PROCEDURES**

**SUMMARY OF FEDERAL QUESTIONED COSTS**

**JANUARY 1, 1998 - DECEMBER 31, 1998**

<b>QUESTIONED COSTS</b>	<b>ISSUE NUMBER</b>	<b>PAGE NUMBER</b>	<b>AMOUNT</b>
Systemic Overpayment of Title IV-E Maintenance Reimbursement	3-1	13	<b>\$49,262</b>





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**THE MARSH FOUNDATION**

**VAN WERT COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 21, 2000**