Federal Awards Compliance Audit Guidance

NAME OF CLIENT:	
YEAR ENDED:	2013

FEDERAL AWARD NAME:	Children's Health Insurance Program (Title XXI) (CHIP)
CFDA#:	#93.767

This Guidance File has been broken into following sections:

- **Introduction- Materiality Sheet – Page 2 (Note the full materiality sheet to be completed by auditors is included in the testing file)**

- Part I- General OMB Compliance Supplement Information,
- Part II- ODJFS Program Specific Information,
- Part III- Applicable Compliance Requirement Guidance
    - OMB compliance requirements
    - ODJFS compliance requirements

No ARRA guidance has been included, there should be no ARRA funding or expenditures for this audit cycle.

A separate file has been created to document control procedures that address applicable compliance requirements, suggested audit procedures and the results of testing. The file name is 93.767_Chip_2013_audit program_County JFS only_May 2014.docx

Planning Federal Materiality by Compliance Requirement- 1, 2

	Compliance Requirement	Applicable per Compliance Supplement *(Yes or No)*
A.	Activities Allowed or Unallowed	Yes
B.	Allowable Costs/Cost Principles	Yes
C.	Cash Management	Yes
D.	Davis-Bacon Act	N/A (Per OMB compliance supplement)
E.	Eligibility	N/a (Eligibility requirements in the 2012 OMB Compliance Supplement will be tested by the State Region. Per ODJFS, there are no additional County level Medicaid eligibility requirements)
F.	Equipment & Real Property Mgmt	N/A (Per OMB compliance supplement)
G.	Matching, Level of Effort, Earmark	Yes
H.	Period of Availability	Yes
I.	Procurement & Sus. & Debarment	N/A (Per OMB compliance supplement)
J.	Program Income	N/A (Per OMB compliance supplement)
K.	Real Property Acq. & Rel. Asst.	N/A (Per OMB compliance supplement)
L.	Reporting	Yes
M.	Subrecipient Monitoring	Yes
N.	Special Tests & Provisions (Provide an assessment for each)	Yes

1 The auditor should always:
• Ask the auditee if there have been any changes in program requirements.
• Review the contracts/grant agreements for such changes or other modifications.
* Auditors should update requirements, procedures, etc based on specific program/grant information. If changes are noted, document them in the W/P's and consult with Accounting and Auditing for an appropriate FACCR modification.

2 Auditors should review the determination of the requirements above for applicability. Certain requirements may not be applicable because either they do not apply to the program or because the auditee has no evidence of transactions or events subject to those particular requirements. Auditors can check the Matrix of Compliance Requirements, Part 2, viewable at http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2013 to determine the applicability of programs OMB lists in its Compliance Supplement. Otherwise, review grant documents to help determine a requirement's applicability.

Normally if OMB lists a section as n/a it does not apply to the program, however, if specific information comes to your attention (e.g. during the normal review of the grant agreement or discussions with management) that provides evidence that a compliance requirement cold have a material effect on a mor program, you would be expected to test the requirement. This circumstance should arise infrequently. If it is deemed material, contact the CFAE for testing guidance.

PART I – OMB Compliance Supplement Information

Program Objectives

Title XXI of the Social Security Act (Act) authorizes the Children's Health Insurance Program (CHIP) to assist State efforts in initiating and expanding the provision of child health assistance to uninsured, low-income children. Under title XXI, States may provide child health assistance primarily for obtaining health benefits coverage through (1) obtaining coverage under a separate child health program that meets specific requirements; (2) expanding benefits under the State's Medicaid plan under title XIX of the Act; or (3) a combination of both. To be eligible for funds under this program, States must submit a State child health plan (State plan), which must be approved by the Secretary.

Program Procedures

Although the below information may not impact counties directly, to effectively audit these program auditors should understand all aspects of each program. This information is directly from the OMB Compliance Supplement and gives the auditors information on how Chip operates. There are a few AOS notes included in this section for auditors information.

Administration and Services

At the Federal level, CHIP is administered by the Department of Health and Human Services, through the Center for Medicaid, CHIP, Survey, and Certification (CMCS) of the Centers for Medicare and Medicaid Services (CMS).

Title XXI authorizes grants to States that initiate or expand health insurance programs for low-income, uninsured children. Under title XXI, CHIP is jointly financed by the Federal and State governments and is administered by the States. Within broad Federal guidelines, each State determines the design of its program, eligible groups, benefit packages, payment levels for coverage and administrative and operating procedures. CHIP provides a capped amount of funds to States on a matched basis. Federal payments under title XXI to States are based on State expenditures under approved plans that could be effective on or after October 1, 1997.

The Medicare, Medicaid, and SCHIP Extension Act of 2007 (Pub. L. No. 110-173) extended CHIP funding through March 31, 2009 to provide adequate funding to States for the purpose of maintaining their current enrollment through that date. Subsequently, the Children's Health Insurance Reauthorization Act of 2009 (CHIPRA 2009) (Pub. L. No. 111-3) reauthorized CHIP through FY 2013.

State Plans

Title XXI State plans and amendments to those plans are approved in CMS's central office. The plans are submitted for review by an intra-Departmental team, which must decide upon approval or disapproval within a 90-day period. This '90-day clock' can be stopped by sending a formal written request for additional information from the State, and can be restarted at the same point when a response is formally received. Copies of State plans are available from the State CHIP administrator and through the CMS website.

Waivers

The State may apply for a waiver of CHIP Federal requirements. Waivers are intended to provide flexibility needed to enable States to try new or different approaches to the efficient and cost-effective delivery of health care services, or to adapt their programs to the special needs of particular areas or groups of enrollees. Waivers allow exceptions to State plan requirements that permit the State to implement innovative programs or activities on a time-limited basis. Such demonstration projects are subject to specific safeguards for the protection of enrollees and the program. The Secretary will approve only demonstration projects that are consistent with key principles of the CHIP statute. States' waiver authority is found at 42 USC 1397gg(e), which extends to CHIP the Medicaid waiver authority at 42 USC 1315.

Source of Governing Requirements

PART I – OMB Compliance Supplement Information

This program is authorized by Section 490l(a) of the Balanced Budget Act of 1997 (BBA), Pub. L. No. 105-33, as amended by Pub. L. No. 105-100, which added title XXI to the Social Security Act (Act), and subsequent amendments to title XXI. Title XXI authorizes CHIP to assist State efforts to initiate and expand the provision of child health assistance to uninsured, low-income children. Title XXI is codified at 42 USC 1397aa-1397jj. The regulations for this program are found at 42 CFR part 457.

Awards under CHIP are no longer excluded from coverage under the HHS implementation of the A-102 Common Rule, 45 CFR part 92 (Federal Register, September 8, 2003, 68 FR 52843-52844). This change is effective for any grant award under this program made after issuance of the initial awards for the second quarter of Federal fiscal year (FY) 2004. This program also is subject to the requirements of 45 CFR part 95 and the cost principles under Office of Management and Budget Circular A-87 (as provided in Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government, HHS Publication ASMB C-10, available on the Internet).

Availability of Other Program Information

States and other interested parties can access information on the Department's policies on this and other issues on the Internet.

Other Sources:

- **2 CFR 225 is the codification of OMB Circular A-87 (Cost Principles for State, Local, and Indian Tribal Governments)**
- **45 CFR 92 includes the Health and Human Services OMB Circular A-102 Grants Management Common Rule (State & Local Governments)**
- **45 CFR 74 includes the Health and Human Services OMB Circular A-110 (universities & non-profit organizations). OMB Circular A-110 was codified into 2 CFR 215 (references to A-110 / 2 CFR 215 have been eliminated as this FACCR is not for universities or non-profit organizations)**

Auditors should cite using the applicable codified CFR references and not the OMB Circulars for noncompliance.

Chip Part II
ODJFS Specific Information

Part II- The ODJFS Program Specific Information is broken into 5 sections: (1) Program Overview, (2) Program Funding, (3) AOS Testing Considerations, (4) Reporting in the Schedule of Expenditures of Federal Awards, (5) Information Systems, Including a description on how they operation (i.e. CRIS-E, CFIS Web, PET)

Additional ODJFS Program Information can be obtained (http://jfs.ohio.gov/OHP/consumers/familychild.stm **)**

(1.) Program overview

Links to Ohio SCHIP documents:

State Plan
Evaluation
Annual Reports

In Ohio, CHIP is a Medicaid expansion program. It mirrors the Medicaid requirements and therefore should be tested in conjunction with the Medicaid program. The CRIS-E system will report the recipient as CHIP if they meet the eligibility requirements.

For more information about the CHIP program, auditors should review the ODJFS' Ohio Children's Health Insurance Plan (State Plan) at the link provided below in the ODJFS Program Information section below.

To familiarize the auditor with the information on the Medicaid program, the following is directly from the Medicaid FACCR:

Counties accept applications, enter data into CRIS-E, and issue Medical cards to recipients determined eligible by CRIS-E based on the application information entered. Individual Medicaid recipients go to Medical Service providers (doctors, hospitals, pharmacies, nursing homes, etc.) who also must meet certain criteria to be eligible to provide services for Medicaid. Eligible Medicaid service providers have three methods of submitting claims, (1) electronic data interchange (EDI), (2) the Medicaid Information Technology System (MITS) or (3) the point of sale system for pharmacy claims. Claims are processed by OMA at the State level (Claim submission is detailed in OAC 5160-1-19). MITS verifies patients' eligibility through uploads of information from CRIS-E and determines allowability of the service provided. All CHIP payments are paid at the State level; therefore, the audit sample for tests of expenditures will be determined and tested by the State level audit team. Substantive tests of Eligibility (recalculations of determinations made by CRIS-E), will be performed by ODJFS/Medicaid Eligibility Quality Control (MEQC) Unit under the direction of the State level audit team.

EPSDT (AKA HEALTHCHEK) is also a requirement for CHIP (Part of Healthy Start) cases since CHIP is a Medicaid expansion program and testing should mirror the Medicaid FACCR around EPSDT and LPMDs.

County Structure

Each County is segregated into the following three areas:

- County Department of Job and Family Services (CDJFS) - Administers the Food Assistance (SNAP) Cluster, TANF, Child Care Cluster, Social Services Block Grant, SCHIP, and Medicaid (i.e. all Public Assistance programs).

Chip Part II
ODJFS Specific Information

- Public Children Services Agency (PCSA) - Administers the Foster Care and Adoption Assistance programs.
- Child Support Enforcement Agency (CSEA) - Administers the Child Support Enforcement program.

Note: In some Counties, all three areas are combined (Combined Agencies), whereas in other Counties, there may be two or three separate agencies.

ODJFS has county profiles and weblinks at http://jfs.ohio.gov/County/County_Directory.pdf

County Collaborations

Collabor8

During 2011, Collabor8 was formed. The Collabor8 project involves seven county department and family services that will work together under a common agreement to process and manage administrative workloads as one project area. Wood and Knox counties started in December 2011, Hancock, Marion, Morrow & Sandusky came on 1/2/12 and Delaware in February 2012. The MOU was extended to June 30, 2017. The fiscal sharing splits for SFY 13 & 14 obtained from Collabor8 documentation provided are below. This information is unaudited. Auditors should evaluate for accuracy / reasonableness not only the fiscal split percentages used below but also any other costs allocated as a result of this collaborative effort. See FATL 341, dated 9-27-13 and OAC 5101:4-1-16.

County	State Fiscal Year 13 IM Allocations	Percentage	State Fiscal Year 14 IM Allocations	Percentage
Delaware	$342,341	12.22%	$330,931	11.46%
Hancock	375,731	13.41%	390,760	13.53%
Knox	374,402	13.36%	389,378	13.48%
Marion	520,089	18.56%	540,893	18.72%
Marrow	221,909	7.92%	230,785	7.99%
Sandusky	371,433	13.26%	386,290	13.37%
Wood	595,923	21.27%	619,760	21.45%
Total	$2,801,828		$2,888,797	

Joint County Department of Job and Family Services

Ohio Revised Code 329.40-329.46 allows for the formation of joint county departments of job and family services. The boards of county commissioners of any two or more counties may enter into a written agreement to form a joint county department of job and family services. Once the agreement is in effect the department should operate a single new entity replacing the contributing counties JFS offices. The agreements will specify the reporting periods for the new departments, which are not required to be on a 12/31 reporting timeframe. If auditors are aware of the formation of a new district they should inquire as soon as possible with the district to determine the reporting period that was established. Auditors should familiarize themselves with the ORC code sections mentions and should also obtain the agreement establishing the district; perform a GASB 61 evaluation to determine if the district is a legally separate entity and if they are a subrecipient of ODJFS or of the contributing counties. Also keep in mind ORC329.44 allows for JFS Districts to hold title to real property. Auditors will need to evaluate if the district is holding title to real property and will need to import testing procedures from the non-ARRA boiler plate faccr. Also keep in mind costs incurred for the acquisition of buildings and land, as “capital

expenditures," are unallowable as direct charges, except where approved in advance by the awarding agency. See 2 CFR 225, Appendix B, Section 15 (b) (1). We are aware of two districts that have currently formed (see also FATL 341, dated 9-27-13 and OAC 5101:4-1-16)

South Central Job and Family Services District is a combination of Ross, Vinton and Hocking Counties and it is operating on a 6/30 state fiscal year end.

Defiance/Paulding Consolidated Department of Job and Family Services is a combination of Defiance and Paulding Counties and it is operating on a 9/30 federal fiscal year end.

Subgrant Agreement

Each County agency (or agencies) enters into an Ohio Department of Job and Family Services Subgrant Agreement. This agreement describes the subgrant duties, ODJFS & subgrantee responsibilities, effective date of the subgrant, amount of grant/payments, audits of subgrantee, suspension and termination, breach and default, etc. Auditors should review their applicable County's subgrant agreement. This agreement indicates if each agency (Public Assistance (PA), Public Children Services Agency (PCSA), Child Support (CS)) is a stand-alone agency or if they are combined agencies. This will determine the cost pools that will need tested as part of the RMS process tested in Section A.

Additional information per ODJFS:

- Counties cannot adopt policies to broaden or restrict the Chip program, including eligibility of recipients or services provided. Counties must follow the State Plan. The State Plan is available on the ODJFS website.
- ODJFS Bureau of Monitoring and Consulting Services (BMCS) performs ODJFS program County compliance reviews. The Counties do receive written results of these reviews. Auditors should consider the results of the reviews for planning purposes. In addition, BMCS has also developed a number of templates (procurement, subgrant agreements, subrecipient monitoring) available to help the counties with program compliance.
- ODJFS in preparation for the transition of the Counties becoming subrecipients in 2009, provided to each county a "Guided Self Assessment for County Family Services Agencies" (GSA). This is a comprehensive guide that incorporates the OMB compliance requirements, CFR and OAC requirements, identifies processes and controls ODJFS determined should be in place to meet specific federal requirements and corresponding risk assumed by the agency. The instructions request Counties to provide or attach policies and procedures to address the answers on the questionnaire.
    - Auditors should note the GSA is a tool developed by the ODJFS Bureau of Monitoring and Consulting Services (BMCS) to communicate compliance requirements imposed on the State and counties by Federal/State law or administrative rule (OAC). While the GSA does include authoritative guidance references, the GSA is not authoritative support for the requirements. In addition, the internal controls discussed throughout the GSA are only suggestions not required controls or ODJFS policy. The BMCS does not have authority to require specific internal controls without establishing an administrative rule. Therefore, auditors should not cite the GSA for reporting noncompliance or control deficiencies but cite the applicable law or rule governing the requirement.

This is a brief description of the Fiscal Process:

- The County JFS receives different types of Funding.
    1. Mandated Share - ORC requires the county commissioners to share in the cost of the certain programs (known as mandated share). County JFS receive a mandated share from the County Commissioners. Mandated share is calculated by ODJFS and ODJFS enters the amounts for

each funding source as a budget into the CFIS (fiscal computer system). ODJFS notifies the County Commissioners in May or June of their mandated share for the next calendar year so the Counties have time to budget accordingly. Counties are required to make an adjustment equal to 1/12 of the total mandated share when they submit their monthly expenditure reports. County JFS sends a drawdown request for their anticipated needs and then report their expenditures monthly to ODJFS. ODJFS quarterly reconciliation evaluates and adjusts for the differences. While some counties may not pay their mandated share to the County JFS monthly, the County JFS must deduct no less than 1/12th of the amount on their monthly reporting of expenditures to ODJFS. (For example, if the County's mandated share is $1,200, the County JFS would include $100 or more on the monthly reporting of expenditures regardless when the county paid the $1,200.)

Per FAPMTL 220, dated 11-17-11, the County Share of Public Assistance Expenditures and the Mandated Share Budget (5101:9-6-31) was updated to reflect the most current funding practices including reducing to 105% from 110% the maximum amount, in comparison to the previous fiscal year, that may be required for the county share of public assistance expenditures.

2. Federal Allocation – There are two ways federal monies are allocated by the State (There are no local requirements for the calculating or receiving of these allocations.):
   - Allocation specific to the grant – Adoption, Foster Care, Child Care Block Grant, Social Services Block Grant and TANF receive allocations specific to their grants. These allocations are based on mandated methodology guidelines, including demographics, program information pulled from CFIS, etc. The County receives notification of their grant allocation from ODJFS.
   - ODJFS issues initial pass-through allocations based on the greater of:
     a. The average expenditures of the last two years reported expenditures: or
     b. The total of the last four completed quarters' reported expenditures.

     An agency with no reported expenditures over either time period will receive a minimum budget (5101:9-6-44). An agency may request an increase at any time during the fiscal year. Counties receive notification of their allocation via CFIS Web. The CDJFS receives funding for the following pass throughs: food assistance (FA), food and nutrition services (FNS), Medicaid and CHIP.

   - See also BCFTA update 2013-23 (http://jfs.ohio.gov/ofs/bcfta/BB/20130626-BCFTA-Update-2013-23-Medicaid-Allocation-Change.stm) which outlines the Medicaid Allocation changes. Effective July 1, 2013 Medicaid funding originates from the Department of Medical Assistance (MCD). However, in our conversations with MCD and ODJFS beyond the initial coding changes, counties should not see any additional compliance requirement changes due to the change. Also ODJFS is still acting as the pass through agency and should be listed as such on the SEFA.

3. Income Maintenance (State Allocation) - County JFS also receives Income Maintenance (IM) monies. These are State monies County JFS can use to meet matching requirements or reimburse the county for administrative expenditures incurred in the administration of certain programs (See Section A of this document). There are two IM allocations. One allocation for administrative expenditures incurred in the administration of the disability financial assistance (DFA), food assistance (FA), and a separate allocation for medical assistance (MA) including the Medicaid program and the state children's health insurance program (SCHIP). IM amounts for each county are also entered into CFIS as budgets by ODJFS. County JFS offices can request to move funding between the allocations using the JFS 02725. The request must be submitted to ODJFS no later than the last day of the liquidation period for a closing grant. A County JFS may also elect to transfer all or a portion of its IM allocations to the CSEA. The creation of the two separate IM allocations was communicated in FAPMTL 276 and was effective 7-5-13. For further information see http://www.odjfs.state.oh.us/lpc/calendar/fileLINKNAME.asp?ID=FAPMTL276, OAC 5101:9-6-05 and BCFTA update 2013-24 at http://jfs.ohio.gov/ofs/bcfta/BB/20130626-BCFTA-Update-2013-24-SFY-14-Medicaid-and-IM-Changes.stm .

FAPMTL 272 (dated 4/10/2013) updated the Non-Emergency Transportation (NET), Pregnancy Related Services and Healthchek Services Funding Rule. Changes were for funding clarifications due to the implementation of CFIS Web, for more information see http://www.odjfs.state.oh.us/lpc/calendar/fileLINKNAME.asp?ID=FAPMTL272 .

4. Other program specific State Allocations

- In addition to their County JFS allocations, there are two opportunities for County JFS to release or receive monies: 1) They can swap funds with other counties, (this process must be approved by evidence of County Commissioners sign off) which goes through ODJFS to change the allocations in CFIS; or 2) In January or April they can apply for additional funds or to free up monies allocated to other grants. In this case, the County JFS must indicate need and ODJFS may provide additional funds as made available by other counties; however, the pass-through allocations are not included in either process. ODJFS changes the allocation in the CFIS system. While this does not require testing at the local level, auditors should be aware this may be the reason any such re-allocations in the system. Note: The Ohio Department of Job and Family Services developed a process to allow for specific allocated funds to be exchanged between counties. The process is detailed in rule 5101:9-6-82 of the Administrative Code.

- For most grants, the County JFS can draw down funds on a weekly basis from the ODJFS (see Reporting L section of this document). Public Children Services Agency (PCSA) grants (Adoption Assistance and Foster Care) are reimbursement grants. There may be portions of a program that are on a reimbursement basis (none known for SSBG) however, the remainder of the programs the County JFS agency draws down an advance of funds for anticipated needs and monthly report expenditures. Quarterly adjustments are made for the differences.

- County JFS file quarterly reports with ODJFS via CFIS. There is a quarterly reconciliation process performed by ODJFS. ODJFS issues a response to the initial report, County JFS may make corrections and then a final report (settlement) is issued after all corrections are made. See also **OAC 5101:9-7-03 and 5101:9-7-03.1** for additional information on the financing, reconciliation and closeout procedures. **Auditors should review these sections for specific details on this process. See also Reporting Section L.**
- **The reconciliation process was updated with CFIS Web and communicated to CDJFS in FAPMTL 258 effective 10/9/12 (see http://www.odjfs.state.oh.us/lpc/calendar/fileLINKNAME.asp?ID=FAPMTL258 and OAC 5101:9-7-03.1)** The CDJFS has access to system reporting throughout the quarter in order to make ongoing adjustments/corrections. County JFS enters expenditures monthly into CFIS Web and file quarterly the certification of monthly expenditure reports with ODJFS via CFIS Web. The CDJFS is given five business days after the eighteenth day of the month following the last month of the quarter to review reports for accuracy. No later than five business days after the eighteenth day of the month following the last month of the quarter, the CDJFS shall submit any final adjustments and/or revisions to OAKS. Once the five-day review period is complete, ODJFS suspends reporting access to OAKS for the closing quarter in order to begin the quarter reconciliation process. The CDJFS shall make any allowable changes that arise after the five-day review period to open grants in the current quarter. The Ohio department of job and family services (ODJFS) notifies the CDJFS when the quarter reconciliation process is completed. The CDJFS shall review reports for accuracy and immediately notify ODJFS of any discrepancies. ODJFS reconciles refunds and collections at the end of each quarter. ODJFS reconciles state funded allocations and federally funded subgrants at the end of their period of availability. The period of availability includes the funding period and the liquidation period.
- The CFIS Web system does not link information into the county auditor's expenditure ledgers. Counties can manually reenter the information or they may use a computer program for this upload process, such as PET (Maximus Program). Auditors should check to see if the information uploads to the County Auditor's system accurately by reconciling Form 2827 (C/R 520 in CFIS Web) to the County Auditor's & JFS records (see Reporting L section of this document)

Chip Part II
ODJFS Specific Information

- For most programs, expenditures are drawn down and expended based on State and Federal financial participation percentages. For example, for CHIP, the Federal share is 50% so the County JFS would be reimbursed 50% from Federal share and 50% from State (IM) or they could use county funding for the 50% state/local match. Once they use all their IM allocation, they must use local funding for the 50% match. This allocation is programmed into CFIS so auditors are not required to test the allocation; however, should be aware of this when testing the federal program.
- The OAC codes in the Program Funding section of this Introduction refer to NET, PRST and Healthchek. Since CHIP is a Medicaid expansion program these also apply to CHIP.

- **See BCFTA Update 2013-21 regarding costs associated with county lay-off of staff at http://jfs.ohio.gov/ofs/bcfta/BB/20130514-BCFTA-Update-2013-21-County-Lay-off-SFY14.stm**

- **See BCFTA Update 2012-15 regarding costs associated with county lay-off of staff at** http://jfs.ohio.gov/ofs/bcfta/BB/2012_0426-_BCFTA-Update_2012-15.pdf

- **See also FAPL No. 34, Abnormal or Mass Severance Pay at http://www.odjfs.state.oh.us/lpc/calendar/fileLINKNAME.asp?ID=FAPL34**

(2.) Program Funding

See ODJFS Programs SFAE Testing Spreadsheet for Program Funding.

(3.) AOS Testing Considerations

Auditors should evaluate cost pools and reporting requirements that are consistent between ODJFS grant programs and only test these once rather than with each grant program. The following table shows where some efficiencies can be gained for common cost pools (FACCR Section A) and reports (FACCR Section L):

Reported on:	Program:	County Fund Paid from:	RMS Cost Pool
JFS 02827	Medicaid, CHIP, Food Assistance, TANF, SSBG, CCBG	Public Assistance (PA) Fund	(MA)IMRMS /(DFA/FA)IMRMS/ SSRMS
JFS 02750	Child Support Enforcement	Child Support Administrative Fund	CSRMS
JFS 02820	Foster Care & Adoption	Children Services Workers	CWRMS or SSRMS (if combined agency)

For an overview of requirements tested by program: see AOS spreadsheet, ODJFS list of program & applicable requirements. These reports are in CFIS Web, the reports for each agency are CR520 reports, however on the electronic report in CFIS Web, the report will still be designated at the bottom as 2827, 2750 or 2820

Chip Part II
ODJFS Specific Information

(4.) Reporting in the Schedule of Expenditures of Federal Awards

Chip benefits are paid by the State ODJFS; therefore, eligibility and recipient benefit payments will be audited by the State Region.

The County federal schedule will report direct administrative and other expenditures (whether charged directly to the program or allocated through a cost allocation plan or cost pool) paid by the County.

For guidance on testing the County JFS Schedule of Federal Awards Expenditures (SFAE), auditors should refer to the 'County JFS SFAE Testing Spreadsheet' (separately posted). While the CR 504 CFDA report is a good starting point for counties to determine the expenditures to be reported on the SFAE, there are some programs or parts of program that are not reflected in either of these report. The spreadsheet provides program specific information for testing the SFAE.

Per ODJFS, all grants are reported on a cash basis and should be presented likewise on the SFAE.

To ensure expenditures are reported accurately by CFDA#, auditors should also determine how multi-agency contract expenditures are recorded on the schedule of federal awards expenditures.

The local government should report federal expenditures for CFDA #93.667. A-133.310(b)(2) requires including pass-through numbers (if any) on the Schedule. Counties should report the subgrant agreement number (i.e. G-1011-11-5006) as the pass through number and roll the grants up in total by CFDA. Please note there may be two subgrant agreements in place for the calendar year. If that is the case then report both numbers (i.e. G-1011-11-5006 / G-1011-11-5007).

Grant Title	CFDA number	Pass through number	Expenditures
Chip	#93.767	G-1011-11-5006 / G-1011-11-5007	$XXX,XXX

(5.) Information systems, including a description on how they operate (i.e. CRIS-E, CFIS Web, PET)

Computer Systems

The following State-level systems are utilized by Counties for these programs:

- CRIS-E - Used primarily to determine eligibility and benefit amounts for Food Assistance, TANF, SCHIP, and Medicaid; and generates the voucher summary detail for these programs. It also maintains data entered by the case workers related to the recipients and their cases.

- CFIS – (County Finance Information System) January 1, 2008 County JFS finance offices began using CFIS which drives the financial reporting (Forms 2827, 2750, and 2820, RMS activity, etc.). The current and archived CFIS information can be accessed at the County JFS site. At the county level financial data is imported (pulled) from templates or from interfaced systems like WebRMS into the CFIS Web reporting system. Most information flows from the county system through CFIS and up to OAKS with the exception of draw information. Each grant is coded separately. ODJFS has a spreadsheet for coding in CFIS. ODJFS updates this information each year.

Chip Part II
ODJFS Specific Information

- ISA will be testing CFIS Web (including the RMS System used to track Random Moment Sampling activity and allocation of program expenditure. A recap of that work performed and any user control considerations will be sent out when available for 2013.

  The OAKS general controls portion tested as part of the Statewide SSAE 16 SOC 1, however, will continue to be on a state fiscal year (6/30).

- County JFS fiscal offices use CFIS Web to record their expenditures. However, this system does not link the information into the county auditor's expenditure ledgers. The counties can manually reenter the information or they may use a computer program for this upload process, such as PET (Maximus Program). The State Region does not look at PET (or similar programs). Auditors will need to test the information in the PET system to the amounts recorded in the County Auditor's records for accuracy.

- Maximus notified several counties in 2013 that it would remove the PET system from its business line. ODJFS has responded to this decision by developing a Ledger Reporting solution to replace the PET system and it will be a new module in CFIS Web and available for all ODJFS subrecipients. ODJFS anticipates having the system ready by July of 2014. This change will not impact any of our 2013 audits. Please see BCFTA update at http://jfs.ohio.gov/ofs/bcfta/BB/2014011314_-BCFTAUpdateCountyLedgerSystem.stm for further information. In a correspondence with ODJFS on 3/3/14 we were told that the time line has changed to a January 1, 2015 implementation with Oct-Dec 2014 being the testing quarter, additionally Maximus indicated it will continue to support the PET system until Dec 2014.

- With the implementation of CFIS Web, ODJFS has developed a new process to replace the function of the Configuration File. The new process is called "Adjustment to a Prior Period Allocated and Approved Expenditure" or APAA. Agencies will utilize this process in instances where an adjustment needs to occur and direct coding is not available (i.e. audit, ERIP, and errors). This process can be initiated by the local agency or by ODJFS and is recorded on form JFS 01179. See BCFTA updated 2013-17 dated 2/28/13 for further information http://jfs.ohio.gov/ofs/bcfta/BB/20130228-BCFTA-Update-2013-17-APAA.stm .

NOTE: **ODJFS is not granting auditors of County JFS programs access to the JFS systems. ODJFS is encouraging County JFS offices to cooperate with audit requests. Per Office of Fiscal and Monitoring Services' County Monitoring Advisory Bulletin 2012-01 / Workforce Investment Act Advisory Bulletin 2012-01, dated February 13, 2012, in part:**

> **"County agency management personnel are obligated to provide the necessary data to the regional auditors or their designees. However, due care must be taken to safeguard the information provided to the AOS and its contractors. Under no circumstances should agency management or staff give the AOS audit staff access to any ODJFS systems. Each agency must make a reasonable effort to limit the disclosure of protected health information to the minimum necessary to accomplish the intended purpose of the disclosure. The agencies must provide the data to the AOS via encrypted media, i.e. memory sticks, CDs or DVDs, external hard drives etc., in accordance with state guidelines on secure portable media. The method through which data are transferred is at the sole discretion of each local director."**

PART III
A. Activities Allowed or Unallowed
OMB Compliance Requirements

Compliance Requirements

The specific requirements for activities allowed or unallowed are unique to each Federal program and are found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program. This type of compliance requirement specifies the activities that can or cannot be funded under a specific program.

Important Note: For a cost to be allowable, it must (1) be for a purpose the specific award permits and (2) fall within 2 CFR 225's allowable cost guidelines. These two criteria are roughly analogous to classifying a cost by both program/function and object. That is, the grant award generally prescribes the allowable program/function while 2 CFR 225 prescribes allowable object cost categories and restrictions that may apply to certain object codes of expenditures.

For example, could a government use an imaginary Homeland Security grant to pay OP&F pension costs for its police force? To determine this, the client (and we) would look to the grant agreement to see if police activities (security of persons and property function cost classification) met the program objectives. Then, the auditor would look to 2 CFR 225 to determine if pension costs (an object cost classification) are permissible. (2 CFR 225, Appendix B states they are allowable, with restrictions, so we would need to determine if the auditee met the restrictions.) Both the client and we should look at 2 CFR 225 even if the grant agreement includes a budget by object code approved by the grantor agency.

Source of Governing Requirements

The requirements for activities allowed or unallowed are contained in program legislation , Federal awarding agency regulations, and the terms and conditions of the award.

OMB Specific Information

1. **Activities Allowed** -States have general flexibility in allocating their individual allotments toward activities needed to conduct the CHIP (42 USC 1397ee(a)). In addition to expenditures for child health assistance under the plan for targeted low-income children, other allowable activities, to the extent permitted by 42 USC 1397ee(c), include payment of other child health assistance for targeted low-income children; expenditures for health services initiatives for improving the health of children (targeted and other low income) under the plan; expenditures for outreach activities; and other reasonable costs incurred by the State to administer the plan (42 USC 1397ee).

2. **Activities Unallowed** - Federal funds may not be expended under the State plan to pay for any abortion or to assist in the purchase, in whole or in part, of health coverage that includes coverage of abortion, except if necessary to save the life of the mother or if the pregnancy is the result of incest or rape (42 USC 1397ee(c)).

PART III
A. Activities Allowed or Unallowed
ODJFS Compliance Requirements

RMS

ODJFS updated the following OAC rules concerning web-based RMS system:

- OAC 5101:9-7-23 Child Support Random Moment Sample (RMS) Time Study
  - See FAPMTL No. 229 (eff 12/29/11) at http://www.odjfs.state.oh.us/lpc/calendar/fileLINKNAME.asp?ID=FAPMTL229
- OAC 5101:9-7-20 Income Maintenance, Workforce, Social Services, and Child Welfare Random Moment Sample (RMS) Time Studies
  - See FAPMTL No. 248 (eff 6/11/12) at http://www.odjfs.state.oh.us/lpc/calendar/fileLINKNAME.asp?ID=FAPMTL248

See also BCFTA Web WebRMS reports at http://jfs.ohio.gov/ofs/bcfta/TOOLS/Regional-Quarterly-Meeting/Jul-Sept-2011/WebRMS_ReportList.pdf also http://jfs.ohio.gov/ofs/bcfta/TOOLS/RMS/RMSTADocument.pdf and the desk guide at http://jfs.ohio.gov/ofs/bcfta/TOOLS/RMS/RMSDeskGuide.pdf . The Web RMS user manual was updated December 2013 and is available here http://jfs.ohio.gov/ofs/bcfta/TOOLS/RMS/RMS_UserManual.stm.

The RMS are time studies which are designed to measure county staff activity regarding income maintenance and social services programs. Both the Income Maintenance RMS (IMRMS) and the Social Services RMS (SSRMS) are completed on a quarterly basis by all positions performing directly related program functions, with the exception of positions performing administrative support or supervisory functions unless the person actually provides direct services. The RMS system selects the staff sample for completing the RMS from the staff rosters (FTE reporting) submitted by the county RMS coordinators and determines the sampling times. Data collected from these time studies are used to calculate the percentage of time spent on the program. The percentages are used by the County agency system to allocate expenditures reported on the ODHS 2827 (CFIS Web CR 520) financial statements.

County expenditures primarily consist of administrative expenses, most of which are captured through the RMS process discussed above; however, there may be non-RMS related expenditures as noted above performing administrative support or supervisory functions only, such as the JFS Director, human resource employees, etc. These are the administrative staff whose expenses belong in the shared cost pool. If it can be determined that a supervisor only supervises staff in one program- type cost pool, that supervisor's expenses are included in the program-type cost pool and allocated along with their staff's expenses by the RMS statistics for that particular program type.

RMS based funding has a one month lag time. For example, RMS reporting for September, October and November drives the quarterly funding for October, November and December.

RMS sample sizes required per OAC:

RMS Type	Agency Size	# of Observations
Income Maintenance (IMRMS)	Metro	Minimum of 2,300
Income Maintenance (IMRMS)	Suburban & Rural	Minimum of 354
Social Services (SSRMS), Child Welfare (CWRMS), Juvenile Ct	1-10 Participating Positions	Minimum of 33 per worker

Social Services (SSRMS), Child Welfare (CWRMS), Juvenile Ct	11-74 Participating Positions	Minimum of 354
Social Services (SSRMS), Child Welfare (CWRMS), Juvenile Ct	75 or more Participating Positions	Minimum of 2,400
Child Support (CSRMS)		Minimum of 354

AOS Additional Testing Considerations

Sections A & B are most often tested using the same sample. Additional program specific requirements / testing considerations are included in Section A that would also affect Section B.

County testing will primarily consist of the following:

- PRC direct expenses
- OWF direct expenses
- Administrative expenses
- FTE/RMS/Cost pools

Auditors will need to test pooled costs separately (RMS) from direct charges (County ledgers).

All salaries and indirect expenses are included in cost pools. There are two levels of allocation for County JFS expenditures. Costs benefiting all programs (rent, leases, utilities, supplies, indirect employee costs for positions such as the agency director, personnel, fiscal, related compensation, etc.) are included in the Shared Costs Pool and are allocated based on the Quarterly Report of County JFS Full Time Equivalent (FTE) Positions submitted to ODJFS. Shared costs are distributed in CFIS Web based on the IM, SS, and CSEA FTE percentages.

More information regarding FTE reporting is available at http://jfs.ohio.gov/ofs/bcfta/TOOLS/TOOLS.stm (at the bottom of the page). FTE reporting was previously accomplished on Form 4290, which has been replaced by CFIS Web form CR 445.

Allowable costs on FTE Report associated with Employees			
Reported on:	**Program:**	**County Fund Paid from:**	**RMS Cost Pool**
JFS 02827	Medicaid, CHIP, Food Assistance, TANF, SSBG, CCBG	Public Assistance (PA) Fund	(MA)IMRMS /(DFA/FA)IMRMS / SSRMS
JFS 02750	Child Support Enforcement	Child Support Administrative Fund	CSRMS
JFS 02820	Foster Care & Adoption	Children Services Workers	CWRMS or SSRMS (if combined agency)

The reports for each agency are CR520 reports, however on the electronic report in CFIS Web, the report will still be designated at the bottom as 2827, 2750 or 2820.

Costs are then allocated to the program level based on the RMS studies.

PART III
A. Activities Allowed or Unallowed
ODJFS Compliance Requirements

Auditors will need to test both FTE reporting and RMS. The FTE reporting and RMS testing is included in the audit program file due to its impact on the allocation of expenditures.

Auditors can determine population for RMS testing from a summary report for the quarter on CFIS that uploads from the RMS system. There is a data file with this information in CFIS that can be downloaded at the County JFS site.

County JFS must complete and submit a plan to define EPSDT (non-NET contract) activities. Auditors should review this plan when testing EPSDT expenditures.

PART III
B. Allowable Costs/Cost Principles
OMB Compliance Requirements

Applicability of OMB Cost Principles Circular

The following OMB cost principle circular prescribes the cost accounting policies associated with the administration of Federal awards by States, local governments, and Indian tribal governments (State rules for expenditures of State funds apply for block grants authorized by the Omnibus Budget Reconciliation Act of 1981 and for other programs specified in Appendix I). Federal awards administered by publicly-owned hospitals and other providers of medical care are exempt from OMB's cost principles circulars, but are subject to requirements promulgated by the sponsoring Federal agencies (e.g., the Department of Health and Human Services 45 CFR, part 74, Appendix E). The cost principles applicable to a non-Federal entity apply to all Federal awards received by the entity, regardless of whether the awards are received directly from the Federal Government or indirectly through a pass-through entity. The circular describes selected cost items, allowable and unallowable costs, and standard methodologies for calculating indirect costs rates (e.g., methodologies used to recover facilities and administrative costs (F&A) at institutions of higher education). Federal awards include Federal programs and cost-type contracts and may be in the form of grants, contracts, and other agreements.

Source of Governing Requirements

The requirements for allowable costs/cost principles are contained in the A-102 Common Rule (§___.22) (**45 CFR part 92**), program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The applicable cost principle circular is:

- **OMB Circular A-87, 'Cost Principles for State, Local and Indian Tribal Governments' (2 CFR part 225).**

Although this cost principle circular has been reissued in Title 2 of the CFR for ease of access, the OMB Circular A-133 Compliance Supplement refers to it by the circular title and numbering. However, auditors should use the authoritative reference of 2 CFR Part 225 … when citing noncompliance.

Note: This FACCR is designed for County Governments (based on the requirements of OMB Circular A-87). It is not intended for use when performing a Single Audit for a Higher Educational Institution or a Non-Profit Organization.

Important Note: For a cost to be allowable, it must (1) be for a purpose the specific award permits and (2) fall within A-87's (codified in 2 CFR Part 225) allowable cost guidelines. These two criteria are roughly analogous to classifying a cost by both program/function and object. That is, the grant award generally prescribes the allowable program/function while 2 CFR Part 225 prescribes allowable object cost categories and restrictions that may apply to certain object codes of expenditures.

For example, could a government use an imaginary Homeland Security grant to pay OP&F pension costs for its police force? To determine this, the client (and we) would look to the grant agreement to see if police activities (security of persons and property function cost classification) met the program objectives. Then, the auditor would look to 2 CFR Part 225 to determine if pension costs (an object cost classification) are permissible. (2 CFR Part 225, Appendix B states they are allowable, with restrictions, so we would need to determine if the auditee met the restrictions.) Both the client and we should look at 2 CFR Part 225 even if the grant agreement includes a budget by object code approved by the grantor agency.

Exhibit 1 of Part 3 of the OMB Circular A-133 Compliance Supplement, Selected Items of Cost (included in at the

end of Part B to this FACCR, lists the treatment of the selected costs items in the circular.

OMB CIRCULAR A-87COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS

Introduction

OMB Circular A-87 (A-87) establishes principles and standards for determining allowable direct and indirect costs for Federal awards. This section is organized into the following areas of allowable costs: State/Local-Wide Central Service Costs; State/Local Department or Agency Costs (Direct and Indirect); and State Public Assistance Agency Costs.

Cognizant Agency

A-87, Attachment A, paragraph B.6. defines 'cognizant agency' as the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under A-87 on behalf of all Federal agencies. OMB publishes a listing of cognizant agencies (*Federal Register*, 51 FR 552, January 6, 1986). This listing is available at http://www.whitehouse.gov/sites/default/files/omb/assets/financial_pdf/fr-notice_cost_negotiation_0106 . References to cognizant agency in this section should not be confused with the cognizant Federal agency for audit responsibilities, which is defined in OMB Circular A-133, Subpart D. §____.400(a).

Availability of Other Information

Additional information on cost allocation plans and indirect cost rates is found in the Department of Health and Human Services (HHS) publications: *A Guide for State, Local and Indian Tribal Governments* (ASMB C-10); *Review Guide for State and Local Governments State/Local-Wide Central Service Cost Allocation Plans and Indirect Cost Rates*; and the *DCA Best Practices Manual for Reviewing Public Assistance Cost Allocation Plans* which are available at https://rates.psc.gov/fms/dca/asmb%20c-10.pdf and https://rates.psc.gov/fms/dca/PA%20BPM.pdf , respectively.

PART III
B. Allowable Costs/Cost Principles
OMB Compliance Requirements

Allowable Costs - State/Local-Wide Central Service Costs

Most governmental entities provide services, such as accounting, purchasing, computer services, and fringe benefits, to operating agencies on a centralized basis. Since the Federal awards are performed within the individual operating agencies, there must be a process whereby these central service costs are identified and assigned to benefiting operating agency activities on a reasonable and consistent basis. The State/local-wide central service cost allocation plan (CAP) provides that process. (Refer to A-87, Attachment C, State/Local-Wide Central Service Cost Allocation Plans, for additional information and specific requirements.)

The allowable costs of central services that a governmental unit provides to its agencies may be allocated or billed to the user agencies. The State/local-wide central service CAP is the required documentation of the methods used by the governmental unit to identify and accumulate these costs, and to allocate them or develop billing rates based on them.

Allocated central service costs (referred to as Section I costs) are allocated to benefiting operating agencies on some reasonable basis. These costs are usually negotiated and approved for a future year on a 'fixed-with-carry-forward' basis. Examples of such services might include general accounting, personnel administration, and purchasing. Section I costs assigned to an operating agency through the State/local-wide central service CAP are typically included in the agency's indirect cost pool.

Billed central service costs (referred to as Section II costs) are billed to benefiting agencies and/or programs on an individual fee-for-service or similar basis. The billed rates are usually based on the estimated costs for providing the services. An adjustment will be made at least annually for the difference between the revenue generated by each billed service and the actual allowable costs. Examples of such billed services include computer services, transportation services, self- insurance, and fringe benefits. Section II costs billed to an operating agency may be charged as direct costs to the agency's Federal awards or included in its indirect cost pool.

Compliance Requirements - State/Local-Wide Central Service Costs

1. *Basic Guidelines*
    a. The basic guidelines affecting allowability of costs (direct and indirect) are identified in A-87, Attachment A, paragraph C.
    b. To be allowable under Federal awards, costs must meet the following general criteria (A-87, Attachment A, paragraph C.1):
        1. Be necessary and reasonable for the performance and administration of Federal awards. (Refer to A-87, Attachment A, paragraph C.2 for additional information on reasonableness of costs.)
        2. Be allocable to Federal awards under the provisions of A-87. (Refer to A-87, Attachment A, paragraph C.3 for additional information on allocable costs.)
        3. Be authorized or not prohibited under State or local laws or regulations.
        4. Conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
        5. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
        6. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

7. Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.
8. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.
9. Be net of all applicable credits. (Refer to A-87, Attachment A, paragraph C.4 for additional information on applicable credits.)
10. Be adequately documented.

2. *Selected Items of Cost*
   a. Sections 1 through 43 of A-87, Attachment B, provide the principles to be applied in establishing the allowability or unallowability of certain items of cost. (For a listing of costs, refer to Exhibit 1 of this part of the Supplement.) These principles apply whether a cost is treated as direct or indirect. Failure to mention a particular item of cost in this section of A-87 is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.
   b. A cost is allowable for Federal reimbursement only to the extent of benefits received by Federal awards and its conformance with the general policies and principles stated in A-87, Attachment A.
3. *Submission Requirements*
   a. Submission requirements are identified in A-87, Attachment C, paragraph D.
   b. A State is required to submit a State-wide central service CAP to HHS for each year in which it claims central service costs under Federal awards.
   c. A local government that has been designated as a 'major local government' by OMB is required to submit a central service CAP to its cognizant agency annually. This listing is posted on the OMB website (http://www.whitehouse.gov/omb/management). All other local governments claiming central service costs must develop a CAP in accordance with the requirements described in A-87 and maintain the plan and related supporting documentation for audit. Local governments are not required to submit the plan for Federal approval unless they are specifically requested to do so by the cognizant agency. If a local government receives funds as a subrecipient only, the primary recipient will be responsible for negotiating and/or monitoring the local government's plan.
   d. All central service CAPs will be prepared and, when required, submitted within the 6 months prior to the beginning of the governmental unit's fiscal years in which it proposes to claim central service costs. Extensions may be granted by the cognizant agency.
4. *Documentation Requirements*
   a. The central service CAP must include all central service costs that will be claimed (either as an allocated or a billed cost) under Federal awards. Costs of central services omitted from the CAP will not be reimbursed.
   b. The documentation requirements for all central service CAPs are contained in A-87, Attachment C, paragraph E. All plans and related documentation used as a basis for claiming costs under Federal awards must be retained for audit in accordance with the record retention requirements contained in the A-102 Common Rule (45 CFR part 92).
5. *Required Certification* - No proposal to establish a central service CAP, whether submitted to a Federal cognizant agency or maintained on file by the governmental unit, shall be accepted and approved unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan as set forth in A-87, Attachment C.
6. *Allocated Central Service Costs (Section I Costs)* - A carry-forward adjustment is not permitted for a central service activity that was not included in the previously approved plan or for unallowable costs that must be reimbursed immediately (A-87, Attachment C, paragraph G.3).
7. *Billed Central Service Costs (Section II Costs)*

a. Internal service funds for central service activities are allowed a working capital reserve of up to 60 days cash expenses for normal operating purposes (A-87, Attachment C, paragraph G.2). A working capital reserve exceeding 60 days may be approved by the cognizant Federal agency in exceptional cases.

b. Adjustments of billed central services are required when there is a difference between the revenue generated by each billed service and the actual allowable costs (A-87, Attachment C, paragraph G.4). The adjustments will be made through one of the following methods:

    1. A cash refund to the Federal Government for the Federal share of the adjustment, if revenue exceeds costs,
    2. Credits to the amounts charged to the individual programs,
    3. Adjustments to future billing rates, or
    4. Adjustments to allocated central service costs (Section I) if the total amount of the adjustment for a particular service does not exceed $500,000.

c. Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds shall be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer (A-87, Attachment B, paragraph 22).

PART III
B. Allowable Costs/Cost Principles
OMB Compliance Requirements

Allowable Costs - State/Local Department or Agency Costs - Direct and Indirect

The individual State/local departments or agencies (also known as operating agencies) are responsible for the performance or administration of Federal awards. In order to receive cost reimbursement under Federal awards, the department or agency usually submits claims asserting that allowable and eligible costs (direct and indirect) have been incurred in accordance with A-87.

While direct costs are those that can be identified specifically with a particular final cost objective, the indirect costs are those that have been incurred for common or joint purposes, and not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved. Indirect costs are normally charged to Federal awards by the use of an indirect cost rate.

The indirect cost rate proposal (ICRP) provides the documentation prepared by a State/local department or agency, to substantiate its request for the establishment of an indirect cost rate. The indirect costs include: (1) costs originating in the department or agency carrying out Federal awards, and (2) costs of central governmental services distributed through the State/local-wide central service CAP that are not otherwise treated as direct costs. The ICRPs are based on the most current financial data and are used to either establish predetermined, fixed, or provisional indirect cost rates or to finalize provisional rates (for rate definitions refer to A-87, Attachment E, paragraph B).

Compliance Requirements - State/Local Department or Agency Costs - Direct and Indirect

1. *Basic Guidelines* - Refer to the previous section, 'Allowable Costs - State/Local-Wide Central Service Costs, 1.a - Compliance Requirements-Basic Guidelines,' for the guidelines affecting the allowability of costs (direct and indirect) under Federal awards.
2. *Selected Items of Cost* - Refer to the previous section, 'Allowable Costs - State/Local-Wide Central Service Costs, 1.b - Compliance Requirements-Selected Items of Cost,' for the principles to establish allowability or unallowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect.
3. *Allocation of Indirect Costs and Determination of Indirect Cost Rates*
    a. The specific methods for allocating indirect costs and computing indirect cost rates are as follows:
        1. *Simplified Method* - This method is applicable where a governmental unit's department or agency has only one major function, or where all its major functions benefit from the indirect cost to approximately the same degree. The allocation of indirect costs and the computation of an indirect cost rate may be accomplished through simplified allocation procedures described in the circular (A-87, Attachment E, paragraph C.2).
        2. *Multiple Allocation Base Method* - This method is applicable where a governmental unit's department or agency has several major functions that benefit from its indirect costs in varying degrees. The allocation of indirect costs may require the accumulation of such costs into separate groupings which are then allocated individually to benefiting functions by means of a base which best measures the relative degree of benefit. (For detailed information, refer to A-87, Attachment E, paragraph C.3.)
        3. *Special Indirect Cost Rates* - In some instances, a single indirect cost rate for all activities of a department or agency may not be appropriate. Different factors may substantially affect the indirect costs applicable to a particular program or group of programs, e.g., the physical location of the work, the nature of the facilities, or level of administrative support required. (For the requirements for a separate indirect cost rate, refer to A-87, Attachment E, paragraph C.4.)
        4. *Cost Allocation Plans* - In certain cases, the cognizant agency may require a State or local governmental unit's department or agency to prepare a CAP instead of an ICRP.

These are infrequently occurring cases in which the nature of the department or agency's Federal awards makes impracticable the use of a rate to recover indirect costs. A CAP required in such cases consists of narrative descriptions of the methods the department or agency uses to allocate indirect costs to programs, awards, or other cost objectives. Like an ICRP, the CAP must be either submitted to the cognizant agency for review, negotiation and approval, or retained on file for inspection during audits.

4. *Submission Requirements*
    a. Submission requirements are identified in A-87, Attachment E, paragraph D.1. All departments or agencies of a governmental unit claiming indirect costs under Federal awards must prepare an ICRP and related documentation to support those costs.
    b. A State/local department or agency for which a cognizant Federal agency has been assigned by OMB must submit its ICRP to its cognizant agency. Smaller local government departments or agencies which are not required to submit a proposal to the cognizant Federal agency must develop an ICRP in accordance with the requirements of A-87, and maintain the proposal and related supporting documentation for audit. Where a local government receives funds as a subrecipient only, the primary recipient will be responsible for negotiating and/or monitoring the subrecipient's plan.
    c. Each Indian tribal government desiring reimbursement of indirect costs must submit its ICRP to its cognizant agency, which generally is the Department of the Interior.
    d. ICRPs must be developed (and, when required, submitted) within 6 months after the close of the governmental unit's fiscal year.
5. *Documentation and Certification Requirements*

    The documentation and certification requirements for ICRPs are included in A-87, Attachment E, paragraphs D.2 and 3, respectively. The proposal and related documentation must be retained for audit in accordance with the record retention requirements contained in the A-102 Common Rule (45 CFR part 92).

PART III
B. Allowable Costs/Cost Principles
OMB Compliance Requirements

Allowable Costs - State Public Assistance Agency Costs

State public assistance agency costs are (1) defined as all costs allocated or incurred by the State agency except expenditures for financial assistance, medical vendor payments, and payments for services and goods provided directly to program recipients (e.g., day care services); and (2) normally charged to Federal awards by implementing the public assistance cost allocation plan (CAP). The public assistance CAP provides a narrative description of the procedures that are used in identifying, measuring and allocating all costs (direct and indirect) to each of the programs administered or supervised by State public assistance agencies.

Attachment D of A-87 states that since the federally financed programs administered by State public assistance agencies are funded predominantly by HHS, HHS is responsible for the requirements for the development, documentation, submission, negotiation and approval of public assistance CAPs. These requirements are published in Subpart E of 45 CFR part 95.

Major Federal programs typically administered by State public assistance agencies include: Temporary Assistance for Needy Families (CFDA 93.558), Medicaid (CFDA 93.778), Supplemental Nutrition Assistance Program (CFDA 10.561), Child Support Enforcement (CFDA 93.563), Foster Care (CFDA 93.658), Adoption Assistance (CFDA 93.659), and Social Services Block Grant (CFDA 93.667).

Compliance Requirements - State Public Assistance Agency Costs

1. *Basic Guidelines* - Refer to the previous section, 'Allowable Costs - State/Local-Wide Central Service Costs, 1.a, Compliance Requirements-Basic Guidelines,' for the guidelines affecting the allowability of costs (direct and indirect) under Federal awards.
2. *Selected Items of Cost* - Refer to the previous section, 'Allowable Costs - State/Local-Wide Central Service Costs 1.b, Compliance Requirements-Selected Items of Cost,' for the principles to establish allowability or unallowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect.
3. *Submission Requirements*

   Unlike most State/local-wide central service CAPs and ICRPs, an annual submission of the public assistance CAP is not required. Once a public assistance CAP is approved, State public assistance agencies are required to promptly submit amendments to the plan if any of the following events occur (45 CFR section 95.509):

   a. The procedures shown in the existing cost allocation plan become outdated because of organizational changes, changes to the Federal law or regulations, or significant changes in the program levels, affecting the validity of the approved cost allocation procedures.
   b. A material defect is discovered in the cost allocation plan.
   c. The State plan for public assistance programs is amended so as to affect the allocation of costs.
   d. Other changes occur which make the allocation basis or procedures in the approved cost allocation plan invalid.

   The amendments must be submitted to HHS for review and approval.
4. *Documentation Requirements* - A State must claim Federal financial participation for costs associated with a program only in accordance with its approved cost allocation plan. The public assistance CAP requirements are contained in 45 CFR section 95.507.
5. *Implementation of Approved Public Assistance CAPs* - Since public assistance CAPs are of a narrative nature, the Federal Government needs assurance that the cost allocation plan has been implemented as approved. This is accomplished by funding agencies' reviews, single audits, or audits conducted by the cognizant audit agency (A-87, Attachment D, paragraph E.1).

PART III
B. Allowable Costs/Cost Principles
ODJFS Compliance Requirements

Sections A & B are most often test together using the same sample. See also Section A.

As noted in the Guided Self Assessment (GSA), the most significant administrative costs of the County JFS is compensation. Costs of compensation must be allocated by means of full-time equivalents (FTEs) and the RMS system, as set forth in the state cost allocation plan. The costs of providers should normally be charged directly to the benefiting program. Provider costs, including provider administrative costs, should not be charged to a cost pool as this would likely cause costs to be charged to non-benefiting programs, contrary to the federal cost allocation principles (OMB Circular A-87 / 2 CFR 225). Costs which are readily assignable as direct costs should be charged in that manner and not charged to a cost pool, unless required by the statewide cost allocation plan. Costs, whether charged directly or indirectly, should be charged only to benefiting federal programs. Subrecipients may not be paid any amounts in excess of allowable costs, whether as a fee or any other increment. For example, where a contractor is providing both WIA and TANF program services, each cost should be allocated by the contractor to the appropriate program and charged as direct program costs. On the other hand, where a contractor is providing general administrative services, such as the development of an agency-wide classification system for employees, those costs are not direct program costs. As the costs benefit all programs within the agency, they should be charged to the shared cost pool.

Counties have a cost allocation plan (CAP) for centralized services that includes County JFS Agencies. County JFS pays the County Auditor for their portion of the CAP.

Agencies place administrative expenditures in a pool; for combined agencies it is referred to as the shared cost pool. ODJFS allocates funding from the shared cost pool through FTE statistics and divides the expenditures into program cost pools (IM, SS, CS). Random Moment Sampling (RMS) statistics are used to allocate the expenditures in each of the separate program (IM, SS, CS) cost pools.

Auditors should be alert for the following:

- Expenditures reimbursed as part of the County CAP and being paid directly (could be charged directly to the program or allocated to a cost pool). Many County CAPs include rent therefore the County JFS should not be paying for rent as a direct expense. The County JFS could be paying the County twice for the same expenditure.

- Instances where County JFS offices may show these County CAP expenditures in the CFIS system even when they did not pay them to the County (offset by a negative expenditure in order to balance to the county auditor's records).

- Less than arms length transactions (see example rent issue discussed below).

As noted in the ODJFS GSA, County family services agencies are not authorized under Ohio law to hold title to real properly. The agencies routinely rent or lease (for federal grants management purposes, the terms are interchangeable) the facilities necessary for their operation. Rental costs are allowable costs to federal programs under OMB Circular A-87, Attachment B, item 37. However, rates must be reasonable in light of such factors as:

- Rental costs of comparable property, if any;
- Market conditions in the area;
- Alternatives available; and
- The type, life expectancy, condition, and value of the property leased.

If the County JFS rents facilities from the board of county commissioners, they are subject to additional restrictions under 2 CFR 225 (OMB Circular A-87). As the county family services agency and the board of county

commissioners are “related parties,” a rental transaction between the two is considered a “less-than-arm’s-length” transaction. As a result, allowable rental costs are limited to the amount that would be allowed had title to the property vested in the governmental unit; i.e., depreciation, maintenance, taxes and insurance. If the lease amount is tied to a bond schedule for the repayment of the county’s indebtedness on the building in question, this amount may be more than the allowable rental costs under 2 CFR 225, and the excessive amount would not be an allowable cost to federal programs.

Please note if the County capitalizes the interest, they can’t charge the JFS depreciation + interest as this would result in the County double-charging for the interest.

See also OAC 5101:9-4-11 (eff. 2-17-12) Rental Costs and Lease Agreements for the rule governing this requirement. This rule is also referred to in FACCR Section F - Equipment and Real Property Management.

Note: ORC329.44 allows for JFS Districts to hold title to real property. Auditors will need to evaluate if the district is holding title to real property and will need to import testing procedures from the non-ARRA boiler plate faccr. Also keep in mind costs incurred for the acquisition of buildings and land, as “capital expenditures,” are unallowable as direct charges, except where approved in advance by the awarding agency. See 2 CFR 225, Appendix B, Section 15 (b) (1).

OAC 5101:9-1-15 (eff. 1-30-09) states the expenditure of funds received by grantees of federal funds and their subrecipients must follow cost principles established in 2 C.F.R. part 225 and be in accordance with state and local requirements. Where federal, state, or local requirements differ, the most restrictive shall apply. Part (H) of this section lists selected items of costs where there is more restrictive policy based on Ohio law and/or where policy clarifications have been received.

PART III
B. Allowable Costs/Cost Principles
OMB Compliance Requirements

ICRP (Testing of the Program)

The ICRP is based upon costs charged to cost pools representing costs of a base year. The base year often precedes the year in which the ICRP is prepared and the year the resulting Indirect Cost Rate Agreement (IDCRA) is used to charge indirect costs. For example, a non-federal entity may submit an ICRP in January 2012, based upon costs incurred and charged to cost pools during fiscal year ending June 30, 2011 (2011), the base year. The resulting IDCRA negotiated during year ending June 30, 2012 (2012) would be used as the basis for charging indirect costs to federal awards in the year ended June 30, 2013 (2013). For this example, the term IDCRA will also include an ICRP which is not required to be submitted to the federal agency for indirect cost negotiation but is retained on file is first used to charge indirect costs to federal awards the same as an approved plan resulting in an IDCRA.

An audit timing consideration is that the audit for 2011 (which covers the applicable cost pools) may be completed before the ICRP is submitted. Therefore, as part of the audit, the auditor cannot complete testing of the ICRP. Also, if the auditor waits to test the ICRP until 2013 (the year when this ICRP is first used to charge federal awards), the auditor would be testing 2010 records which would then be two years old.

Continuing this example, when the IDCRA is the basis of material charges to a major program in 2013, the auditor for 2013 is require to obtain appropriate assurance that the costs collected in the cost pools and allocation methods are in compliance with 2 CFR 225 cost principles. The following are some acceptable options the auditor may use to obtain this assurance.

- Perform interim testing of the costs charged to cost pools (e.g., determine from management the cost pools that management expects to include the ICRP and test the costs charged to those pools for compliance with the cost principles of 2 CFR 225 during the 2009 audit. As part of the 2012 audit, complete testing and verify management's representation against the ICRP finally submitted in 2012.

- Test costs charged to the cost pools underlying the ICRP during the audit of 2012, the year immediately following the base year. This would require testing of 2011 transactions.

- Wait until 2012, the year in which charges from the IDCRA are material to a major program and test costs charged to cost pools (2011) used to prepare the ICRP. This is a much more difficult approach because it requires going back two years to audit the cost charged to cost pools of the base year.

Advantages of the first two methods are that the testing of the costs charged to the cost pools occurs closer to the time when the transactions occur (which makes audit exceptions easier to resolve). When material indirect costs are charged to any Type A program (determined in accordance with Circular A-133), auditors are strongly encouraged to use one of the first two methods. This is because under the risk-based approach, described in OMB Circular A-133, all Type A programs are required to be considered major programs at least in every three years and the IDCRA is usually used to charge federal awards for at least three years.

When the government submits an IDCRA, the government provides written assurance to the federal government that the plan includes only allowable costs. Accordingly, any material unallowable costs reflected in the ICRP should be reported as an audit finding in the year in which they are first found by audit.

PART III
B. Allowable Costs/Cost Principles
OMB Compliance Requirements

An ICRP may result in an IDCRA that covers one year, but most often results in a multi-year IDCRA. When an ICRP has been tested in an prior year and this testing provides the auditor appropriate audit assurance, in subsequent years the auditor is only required to perform tests to ascertain if there have been material changes to the cost accounting practices and, if so, that the federal cognizant agency for indirect cost negotiation has been informed.

The auditor should take appropriate steps to coordinate testing of costs charges to cost pools supporting an ICRP with the client and, as appropriate, with the federal cognizant agency for indirect cost negotiation.

The auditor should consult with the client in the base year and the year in which the ICRP is submitted to determine the best (e.g., most efficient) alternative under the circumstances.

PART III
B. Allowable Costs/Cost Principles
OMB Compliance Requirements

LIST OF SELECTED ITEMS OF COST CONTAINED IN 2 CFR 225 (codified OMB Circular A-87)
(Effective August 31, 2005)

The following exhibit provides an updated listing of selected items of costs contained in 2 CFR 225 based on the changes contained in the *Federal Register* notice dated August 31, 2005. This is available at the following link:

http://www.whitehouse.gov/omb/fedreg/2005/083105_a87.pdf.

This exhibit lists the selected items of costs along with a cursory description of its allowability. The numbers in parentheses refer to the cost item in Appendix B of 2 CFR 225. The reader is strongly cautioned not to rely exclusively on this summary exhibit but to place primary reliance on the reference circular text. There are also cost items listed auditors may identify in the testing that are not specifically addressed in the CFR.

Selected Items of Cost **Exhibit 1**	
Selected Cost Item	2 CFR 225, Appendix B State, Local, & Indian Tribal Governments
Advertising and public relation costs	(1) – Allowable with restrictions
Advisory councils	(2) – Allowable with restrictions
Alcoholic beverages	(3) – Unallowable
Alumni/ae activities	Not specifically addressed
Audit costs and related services	(4) – Allowable with restrictions **and** as addressed in OMB Circular A-133
Bad debts	(5) – Unallowable
Bonding costs	(6) – Allowable with restrictions
Commencement and convocation costs	Not specifically addressed
Communication costs	(7) – Allowable
Compensation for personal services	(8) – Unique criteria for support
Compensation for personal services – organization furnished automobile	Not specifically addressed
Compensation for personal services - sabbatical leave costs	Not specifically addressed
Compensation for personal services - severance pay	(8)(g) - Allowable with restrictions
Contingency provisions	(9) – Unallowable with exceptions
Deans of faculty and graduate schools	Not specifically addressed
Defense and prosecution of criminal and civil proceedings	(10) – Allowable with restrictions
Depreciation and use allowances	(11) – Allowable with qualifications
Donations and contributions	(12) – Unallowable (made by recipient); not reimbursable but value may be used as cost sharing or matching (made to recipient)
Employee morale, health, and welfare costs	(13) – Allowable with restrictions
Entertainment costs	(14) – Unallowable
Equipment and other capital expenditures	(15) – Allowability based on specific requirements

PART III
B. Allowable Costs/Cost Principles
OMB Compliance Requirements

Fines and penalties	(16) – Unallowable with exceptions
Fundraising and investment management costs	(17) – Unallowable with restrictions
Gains and losses depreciable assets	(18) – Allowable with restrictions (Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of Federal programs)
General government expenses	(19) – Unallowable with exceptions
Goods or services for personal use	(20) – Unallowable
Housing and personal living expenses	Not specifically addressed
Idle facilities and idle capacity	(21) – Idle facilities - unallowable with exceptions; idle capacity - allowable with restrictions
Insurance and indemnification	(22) – Allowable with restrictions
Interest	(23) – Allowable with restrictions
Interest - substantial relocation	Not specifically addressed
Labor Relations Costs	Not specifically addressed
Lobbying	(24)-Unallowable
Lobbying - executive lobbying costs	(24.b.) – Unallowable
Losses on other sponsored agreements or contracts	Not specifically addressed *(Unallowable)*
Maintenance, operations and repairs	(25) – Allowable with restrictions (Maintenance, operations, and repairs)
Materials and supplies costs	(26) – Allowable with restrictions
Meetings and conferences	(27) – Allowable with restrictions
Memberships, subscriptions, and professional activity costs	(28) – Allowable as a direct cost for civic, community and social organizations with Federal approval; unallowable for lobbying organizations
Organizational costs	Not specifically addressed
Page charges in professional journals	(34.b)-Allowable with restrictions (addressed under “Publication and printing costs”)
Participant support costs	Not specifically addressed
Patent costs	(29) – Allowable with restrictions
Pension plans	(8e) – Allowable with restrictions
Plant and homeland security costs	(30) – Allowable with restrictions
Pre-award costs	(31) – Allowable with restrictions (Pre-award costs)
Professional services costs	(32) – Allowable with restrictions
Proposal costs	(33) – Allowable with restrictions
Publication and printing costs	(34) – Allowable with restrictions
Rearrangement and alteration costs	(35) – Allowable (ordinary and normal); Allowable with Federal prior approval (special)
Reconversion costs	(36) – Allowable with restrictions
Recruiting costs	(1.c.(1)) – Allowable with restrictions (addresses costs of advertising only)
Relocation costs	Not specifically addressed

PART III
B. Allowable Costs/Cost Principles
OMB Compliance Requirements

Rental cost of buildings and equipment	(37) – Allowable with restrictions
Royalties and other costs for use of patents	(38) – Allowable with restrictions
Scholarship and student aid costs	Not specifically addressed
Selling and marketing costs	(39) – Unallowable with exceptions
Specialized service facilities	Not specifically addressed
Student activity costs	Not specifically addressed
Taxes	(40) – Allowable with restrictions
Termination costs applicable to sponsored agreements	(41) – Allowable with restrictions
Training costs	(42) – Allowable for employee development
Transportation costs	Not specifically addressed
Travel costs	(43) – Allowable with restrictions
Trustees	Not specifically addressed

PART III
C. Cash Management
OMB Compliance Requirements

Compliance Requirements

When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

When advance payment procedures are used, recipients must establish similar procedures for subrecipients. Pass-through entities must establish reasonable procedures to ensure receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity. Pass-through entities must monitor cash drawdowns by their subrecipients to ensure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity.

Except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (31 USC 6501 *et seq.*) and the Indian Self-Determination Act (23 USC 450), interest earned by local government and Indian tribal government grantees and subgrantees on advances is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to $100 per year may be kept for administrative expenses. Interest earned by non-State non-profit entities on Federal fund balances in excess of $250 is required to be remitted to Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852.

Source of Governing Requirements

The requirements for cash management are contained in the A-102 Common Rule (§___.21) (45 CFR part 92), Treasury regulations at 31 CFR part 205, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Availability of Other Information

Treasury's, Financial Management Service maintains a Cash Management Improvement Act web page (http://www.fms.treas.gov/cmia/).

PART III
C. Cash Management
ODJFS Compliance Requirements

Please note: NET, PRS and Healthchek are NOT on a reimbursement basis. These are also on an advance basis like other Medicaid programs.

Therefore, all County Chip funding is on an advance basis.

Subgrant Agreement, Article V. Amount of Grant/Payments, Section B indicates the "SUBGRANTEE will limit cash draws from ODJFS to the minimum amount needed for actual, immediate requirements in accordance with Cash Management Improvement Act, 31 CFR Part 205, 45 CFR Parts 74 and 92, 7 CFR Part 3016, Transmittal No. TANF-ACF-PI-01-02 issued by the United States Department of Health and Human Services, and ODJFS requirements including Chapter 7 of the Fiscal Administrative Procedures Manual." The Fiscal Administrative Procedures Manual is available at http://emanuals.odjfs.state.oh.us/emanuals/GetTocDescendants.do?nodeId=%23node-id(381)&maxChildrenInLevel=100&version=8.0.0.

The requirements for cash management for the Department of Health and Human Services are contained in **45 CFR 92.20**, as follows:

Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

OAC 5101:9-7-03 Public assistance (PA) financing and cash management is the State rule for cash management.

See also Section L (Reporting). Funding is based on expenditures but is <u>not</u> on a reimbursement basis.

PART III
G. MATCHING, LEVEL OF EFFORT, EARMARKING
OMB Compliance Requirements

Compliance Requirements

The OMB Compliance requirements are tested by the State Region.

1. Matching

The State matching rate for its CHIP expenditures is determined in accordance with the Federal matching rate for such expenditures, referred to as the enhanced Federal medical assistance percentage (Enhanced FMAP) for a State. That is, the CHIP State matching rate is calculated by subtracting the Medicaid FMAP rate from 100, taking 30 percent of the difference, and then adding it to the Medicaid FMAP rate. The Enhanced FMAP is calculated in accordance with 42 USC 1397ee(b), which provides that the Enhanced FMAP for a State shall never exceed 85 percent. Calculated FMAPs and enhanced FMAPs may be found on the Internet at http://www.aspe.hhs.gov/health/fmap.htm (42 USC 1397ee(a) and (b)).

A qualifying State may elect to be paid from the State's allotment for any of FYs 2009 through 2013, an amount equal to the additional amount that would have been paid to the State under title XIX with respect to expenditures if the enhanced FMAP had been substituted for the FMAP (42 USC 1397ee(g)(4)). The qualifying States are Connecticut, Hawaii, Maryland, Minnesota, New Hampshire, New Mexico, Rhode Island, Tennessee, Vermont, Washington, and Wisconsin (as determined by CMS on the basis of the criteria in Pub. L. No. 108-74, section 1(g)(2) and Pub. L. No. 108-127, section 1).

2.1 Level of Effort – *Maintenance of Effort*

a. In order to receive Federal matching funds for CHIP expenditures at the enhanced matching rate, each State must continue to maintain its Medicaid eligibility standards and the methodologies that were applied in its Medicaid State plans as of June 1, 1997 (42 USC 1397ee(d)(1) and 1397jj(b)).

b. Three States, New York, Florida and Pennsylvania, maintain "existing comprehensive State-based programs." For these three States only, beginning with FY 1999, the amount of the State's allotment for a fiscal year is reduced by the amount that the "children's health insurance expenditures" for the previous fiscal year is less than the total of such expenditures for FY 1996. For purposes of this provision, the term "children's health insurance expenditures" means: the State share of title XXI (CHIP) expenditures; the State share of expenditures under title XIX (Medicaid) attributable to an enhanced FMAP under section 1905(u) of the Act (42 USC 1396d(u)); and State expenditures for health benefits coverage under an existing comprehensive State-based program (42 USC 1397cc(d)(1) and 1397ee(d)(2)).

2.2 Level of Effort – *Supplement Not Supplant* – Not Applicable

3. Earmarking

Expenditures not directly related to providing child health insurance assistance under the plan are limited to 10 percent of the State's total expenditures through CHIP. The following expenditures are subject to the 10 percent limit:
(a) payment for other child health assistance for targeted low-income children;
(b) expenditures for health services initiatives under the State child health assistance plan for improving the health of children; (c) expenditures for outreach activities; and (d) other reasonable costs incurred by the State to administer the State child health assistance plan (42 USC

1397ee(c)). States may apply for a waiver, or variance of this 10 percent cap under 42 USC 1397ee(c)(2). If applicable, information regarding such a waiver is in the State plan.

1. The 10 percent limit is applied on an annual fiscal-year basis and is calculated based on: (a) the total amounts of expenditures and (b) the quarter in which such expenditures are claimed by the State for the fiscal year (42 USC 1397ee).

Source of Governing Requirements

The requirements for matching are contained in the A-102 Common Rule (§____.24) (codified under 45 CFR part 92), program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements for level of effort and earmarking are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

PART III
G. MATCHING, LEVEL OF EFFORT, EARMARKING
ODJFS Compliance Requirements

For Chip, for administrative expenses the Federal Share is 50% so the County JFS would be reimbursed 50% from the Federal share and use 50% from State (IM) or use local monies for match requirements. When the County requests funding, the required match of IM funding is automatically sent with the Federal share (until the IM allocation is exhausted). This IM allocation is programmed into CFIS so auditors are not required to test the IM allocation. The amount of Federal funding is unlimited as long as the County can provide the matching funds.

Once the County uses all their IM allocation, they must use local funding for the 50% match. County JFS share of administering the program is included in the County's mandated share amount. If the mandated share is exhausted, the County may use additional allowable local monies to meet the required share.

PART III
H. Period of Availability of Federal Funds
OMB Compliance Requirements

Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency . Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period (A-102 Common Rule, § ___.23 (45 CFR part 92)).

Non-Federal entities shall liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation). The Federal agency may extend this deadline upon request (A-102 Common Rule, § ___.23 (45 CFR part 92)).

An example used by a program to determine when an obligation occurs (is made) is found under Part 4, Department of Education, CFDA 84.000 (Cross-Cutting Section).

Source of Governing Requirements

The requirements for period of availability of Federal funds are contained in the A-102 Common Rule (§____.23) (45 CFR part 92)), program legislation Federal awarding agency regulations, and the terms and conditions of the award.

Definition of Obligation - An obligation is not necessarily a liability in accordance with generally accepted accounting principles. When an obligation occurs (is made) depends on the type of property or services that the obligation is for (34 CFR section 76.707):

IF AN OBLIGATION IS FOR --	THE OBLIGATION IS MADE --
(a) Acquisition of real or personal property.	On the date on which the State or subgrantee makes a binding written commitment to acquire the property.
(b) Personal services by an employee of the State or subgrantee.	When the services are performed.
(c) Personal services by a contractor who is not an employee of the State or subgrantee.	On the date on which the State or subgrantee makes a binding written commitment to obtain the services.
(d) Performance of work other than personal services.	On the date on which the State or subgrantee makes a binding written commitment to obtain the work.
(e) Public utility services.	When the State or subgrantee receives the services.
(f) Travel.	When the travel is taken.
(g) Rental of real or personal property.	When the State or subgrantee uses the property.
(h) A pre-agreement cost that was properly approved by the State under the applicable cost principles.	On the first day of the subgrant period.

The act of an SEA or other grantee awarding Federal funds to an LEA or other eligible entity within a State does not constitute an obligation for the purposes of this compliance requirement. An SEA or other grantee may not reallocate grant funds from one subrecipient to another after the period of availability.

PART III
H. Period of Availability of Federal Funds
OMB Compliance Requirements

If a grantee or subgrantee uses a different accounting system or accounting principles from one year to the next, it shall demonstrate that the system or principle was not improperly changed to avoid returning funds that were not timely obligated. A grantee or subgrantee may not make accounting adjustments after the period of availability in an attempt to offset audit disallowances. The disallowed costs must be refunded.

OMB Specific Information

The availability of amounts allotted for each of FYs 1998 through 2008 shall remain available for expenditure by the State through the end of the second succeeding fiscal year (i.e., the year of the award and two subsequent fiscal years); and for FY 2009 and each fiscal year thereafter, shall remain available for expenditure by the State through the end of the succeeding fiscal year (i.e., the year of award and one subsequent fiscal year) (42 USC 1397dd(e) and (f), as amended by Pub. L. No. 111-3, Section 105),

PART III
H. Period of Availability of Federal Funds
ODJFS Compliance Requirements

Agencies may occasionally have 2 grants open at the same time. (Example: Both TANF FFY 12 and TANF FFY 13 will be available during the Oct 2012 – Dec 2012 quarter.) It is important for agencies to consider the period of availability and the liquidation period of those grants, as entered into CFIS, in order to make the appropriate grant choice during this time.

Other than claims for Title XX funding, DHHS allows a State to file a claim for FFP within 2 years after the calendar quarter in which the expenditure was made (45 CFR 95.7.) See OMB Specific Information on previous page. County agencies must report those expenditures to ODJFS within 7 calendar quarters after the expenditure was made to ensure the State reports the expenditure within the time frames. (Please refer to 45 CFR 95.13 regarding how to determine when an expenditure was made.)

Per ODJFS, Federal regulations in 45 CFR 95.13 define incurred as the quarter in which a payment was made even if the payment was for a month in a previous quarter. And for depreciation – the quarter the expenditure was recorded in the accounting records.

Because of the two-year time limit, agencies have the option of posting expenditures incurred prior to 9/30/12 (and after 10/1/11) to either the FFY 12 grants or FFY 13 grants. Expenditures may be charged to a future grant (within 2 years) but cannot be charged to a grant that is past its period of availability.

- Agencies are encouraged to utilize FFY 12 allocation balances by completing a Post Allocated Adjustment (PAA) for expenditures that occurred for services as of 9/30/2012,
- Agencies may not, under any circumstances, post expenditures incurred after 9/30/12 to a FFY 12 grant. FFY 13 grants must be used for expenditures incurred on or after the beginning of the new FFY (10/1/12.)

Accessing FFY 12 Grants

- FFY 12 grants began on 10/01/2011 and are available through 9/30/2012. The liquidation period for the FFY 12 grants is 10/01/2012 – 12/31/2012; agencies may draw through Week 52 and report expenditures against this grant through the Oct – Dec reporting period.
- During the liquidation period, agencies may post expenditures for services which occurred prior to 9-30-20112 to FFY 12 grants through a Post Allocated Adjustment (PAA).
- It is important to note that when doing a PAA to access FFY 12 grants that have a match that only the FFP portion is moved through the PAA adjustment. Examples of grants that have match are IV-B, ESSA, Caseworker Visits etc.

Accessing FFY 13 Grants

- FFY 13 grants begin on 10/01/2012 are available for expenditures incurred through 9/30/2013. FFY 13 grants will have a liquidation period of 10/01/2013 – 12/31/2013; agencies may post expenditures and submit draw requests until 12/31/2013.
- Since the FFY 13 grants begin on 10/01/2012 expenditures posted via PET or CFIS Web will automatically be mapped to the FFY 13 grants.
- Agencies only need to do a PAA for those expenditures that they are opting to move to the FFY 12 grant (those incurred before 10/1/12). Again, a PAA for this purpose is not a requirement; it is an option for those with remaining FFY12 balances.

PART III
L. Reporting
OMB/ODJFS Compliance Requirements

OMB Specific Information

Financial Reporting

1. SF-425, *Federal Financial Report* - Applicable (cash status only).
2. CMS-64, *Quarterly Statement of Expenditures for the Medical Assistance Program (OMB No. 0938-0067)* - Required to be used in lieu of the SF-269, *Financial Status Report*, and is required to be prepared quarterly and submitted electronically to CMS within 30 days after the end of the quarter.
3. CMS-21, *Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI (OMB No. 0938-0731)*

   Key Line Items – The following line items contain critical information:

   CMS-21 Base – The CMS-21 consists of three parts: CMS-21 Base, CMS-21B, and CMS-21C. Only CMS-21 Base is expected to be tested for compliance.

There are currently no OMB reporting requirements for Counties, the above specific OMB reporting requirements are tested at the state level.

ODJFS Specific Requirements

OAC 5101:9-7-03 and **5101:9-7-03.1**, provide guidance on the financing, cash management, and quarterly reconciliation (including some Form 02827 reporting requirements). Public Assistance (PA) funds are determined quarterly and disbursed weekly to the County JFS, upon receipt of the county cash draw request for funds. Available funds are limited by state appropriation and federal grant awards. All payments are issued via electronic funds transfer (EFT). County JFS shall report receipt of revenue, disbursements of funds and provide documentation to justify the allocation of costs and various funds by the submission of the Income Maintenance RMS – Random Moment Sample Observations or the Social Services Random Moment Sample Observations. A state expenditure reconciliation report of the PA data subset is prepared quarterly to show a summary of net expenditures and receipts. The county agency is given the opportunity to review the reconciliation (over / under) reports for accuracy. The quarterly PA fund reconciliation review requirement is intended to correct instances where ODJFS or the county agency discover errors, i.e. incorrect splits of shared costs or wrong allocations, incorrect time study codes, and/or JFS 02827 codes and expenditures. Quarterly close - The PA fund is reconciled each quarter based on the final reconciliation reports.

Per FAPMTL No. 258 (eff. 10-9-12), OAC 5101:9-7-03.1 was amended as a result of implementation of the new County Finance Information System (CFIS) Web reporting system. See http://www.odjfs.state.oh.us/lpc/calendar/fileLINKNAME.asp?ID=FAPMTL258 .

Please note: Counties often refer to the grant reconciliation reports as the Over / Under Reports.

Per FAPMTL 241 (dated 3-28-12) As the result of an internal five-year rule review and to reflect the most current funding practices available, ODJFS is rescinding rule 5101:9-7-06 "Reporting County Collections." New rule 5101:9-7-06 titled "Reporting Collections and Earnings on Erroneous Payment Recoveries" now includes information on the earnings for the recovery of erroneous payments in addition to current reporting procedures. In addition, to ensure reporting is correct at the state level, it is imperative that the CDJFS begins to report collections of benefits from past years separately from the collection of benefits that were issued during the current state fiscal year (SFY). This new requirement is paragraph (F) in the new rule. ODJFS is establishing new coding and will communicate that coding via a Bureau of County Finance Technical Assistance (BCFTA) update 2013-15 (dated 1/10/2013). See

PART III
L. Reporting
OMB/ODJFS Compliance Requirements

http://www.odjfs.state.oh.us/lpc/calendar/fileLINKNAME.asp?ID=FAPMTL241 and
http://jfs.ohio.gov/ofs/bcfta/BB/20130110-BCFTA-Update-2013-15-New-Receipt-Coding.stm

The Rule governing county collections is as follows. Please note this is not the entire rule. If auditors need additional information on reporting county collections, they should review the entire OAC requirement.

OAC 5101:9-7-06 Reporting Collections and Earning on Erroneous Payment Recoveries (*Eff. 3-30-12)*

A. When a public assistance recipient has received a cash or benefit overpayment for general assistance (GA), disability financial assistance (DFA), temporary assistance for needy families (TANF) or aid to dependent children (ADC) assistance, family emergency assistance (FEA) medical, child care, medicaid, food assistance (FA), early learning initiative (ELI), employment retention incentive program (ERI) or prevention, retention and contingency (PRC);, the county department of job and family services (CDJFS) shall recover the funds.
B. As outlined in section 5107.76 of the Revised Code, a CDJFS is entitled to earnings for the recovery of erroneous payments. Earnings for recovery of erroneous payments do not apply to participant expense allowances or other support service cash benefits. The CDJFS may recover erroneous payments through benefit reduction or through cash collections.
C. Earnings for recovery of erroneous payments apply to overpayments recovered through benefit reduction. Net overpayment amounts result in earnings when collected and appropriately reported. The CDJFS may verify earnings from collections amounts using its own county's "GRP670RA" report. This is a detailed report of all Ohio works first (OWF) and ADC erroneous payments collected through benefit reduction.

E. In addition to collections that are eligible for earnings, the CDJFS shall also report the following erroneous payment collections as receipts on the JFS 02827:
    a. Cancellations, collections, refunds, or other GA receipts;
    b. Collections of erroneous payments for FEA medical;
    c. Collections of ADC erroneous payments made prior to October 1, 1987;
    d. Cancellations, collections, refunds, or other child care receipts;
    e. Collections of erroneous payments of ELI funds;
    f. Collections of erroneous payments of ERI funds; and
    g. Collections of PRC.

F. The CDJFS will report collections of benefits that were issued in a previous fiscal year separately than the collections of benefits that were issued during the current SFY.
G. ODJFS will include the erroneous payment collections, as reported on the JFS 02827, on the over/under report and collect them as part of the quarterly close calculation.

<u>COUNTY LEVEL REQUIREMENTS</u> – can be tested in conjunction with other programs requiring the same form.

In order for ODJFS to prepare the financial reports required, they must obtain financial information from the counties. The CR 520/ JFS 02827 is loaded into CFIS web, however the County Auditor still needs to sign and certify the final report. If the report in CFIS web is not signed is not considered final. After the report is signed it cannot be changed. The signed report itself cannot be uploaded into CFIS Web, it is submitted to ODJFS. See OAC 5101:9-7-03, 5101:9-7-03.1 & 5101:9-7-29. Tests related to reporting at the county level for public assistance will be limited to the CR 520/ JFS 02827 form and include the following:

PART III
L. Reporting
OMB/ODJFS Compliance Requirements

1. The CDJFS director must certify the accuracy and amount of disbursements in Section C.

2. The signed quarterly financial statement (CR 520 report) shall be submitted to ODJFS no later than the 10th day of the second month following the quarter the report represents

Please note: The 02827/ CR 520 should be reported on a cash basis.

The Counties are also required to include cash or benefit overpayments on JFS 02827. Counties retain benefit recoveries monies (incentive monies) and report quarterly on the JFS 02827 to offset future draws from ODJFS. Most recoveries are from court convictions and many are uncollectible. The County recovers collectible benefits via payback plans or a reduction in benefits.

CR 520/ ODJFS 02827 form and instructions can be found at http://jfs.ohio.gov/ofs/bcfta/TOOLS/TOOLS.stm .

Counties are still required to submit monthly financial data as an upload in CFIS no later than the eighteenth day of the month following the month of the transaction (see OAC 5101:9-7-29)

Auditors should test the ODJFS 02827 Form/ CR 520 in conjunction with other programs also reported on the Form. The following is a list of programs reported on the ODJFS 02827/ CR 520 Quarterly Financial Statement Public Assistance Fund Certification Sheet:

Medicaid
CHIP / SCHIP
Food Assistance / SNAP
TANF
Child Care Cluster
Social Service Block Grant

PART III
M. Subrecipient Monitoring
OMB Compliance Requirements

Compliance Requirements

Note: Transfers of Federal awards to another component of the same auditee under OMB Circular A-133 do not constitute a subrecipient or vendor relationship.

A pass-through entity is responsible for:

- *Determining Subrecipient Eligibility* - In addition to any programmatic eligibility criteria under E, "Eligibility for Subrecipients," for subawards made on or after October 1, 2010, determining whether an applicant for a non-ARRA subaward has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or, if not, before award (2 CFR section 25.110 and Appendix A to 2 CFR part 25).
- *Central Contractor Registration (CCR)* - Note that subrecipients of non-ARRA funds are not required to register.
- *Award Identification*- At the time of the subaward, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name, and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.
- *During-the-Award Monitoring*- Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits*- (1) Ensuring that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available at http://www.whitehouse.gov/omb/circulars/a133/a133.html) and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

  Ensuring Accountability of For-Profit Subrecipients - Awards also may be passed through to for-profit entities. For-profit subrecipients are accountable to the pass-through entity for the use of Federal funds provided. Because for-profit subrecipients are not subject to the audit requirements of OMB Circular A-133, pass-through entities are responsible for establishing requirements, as needed, to ensure for-profit subrecipient accountability for the use of funds.
- *Pass-Through Entity Impact*- Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

During-the-Award Monitoring

Following are examples of factors that may affect the nature, timing, and extent of during-the-award monitoring:

- *Program complexity*- Programs with complex compliance requirements have a higher risk of non-compliance.
- *Percentage passed through*- The larger the percentage of program awards passed through the greater the need for subrecipient monitoring.
- *Amount of awards*- Larger dollar awards are of greater risk.
- *Subrecipient risk*- Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients would require closer monitoring. For existing subrecipients, based on results of during-the-award monitoring and subrecipient audits, a subrecipient

may warrant closer monitoring [e.g., the subrecipient has (1) a history of non-compliance as either a recipient or subrecipient, (2) new personnel, or (3) new or substantially changed systems].

Monitoring activities normally occur throughout the year and may take various forms, such as:

- *Reporting*- Reviewing financial and performance reports submitted by the subrecipient.
- *Site Visits*- Performing site visits at the subrecipient to review financial and programmatic records and observe operations.
- *Regular Contact*- Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Agreed-upon procedures engagements

A pass-through entity may arrange for agreed-upon procedures engagements for certain aspects of subrecipient activities, such as eligibility determinations. Since the pass-through entity determines the procedures to be used and compliance areas to be tested, these agreed-upon procedures engagements enable the pass-through entity to target the coverage to areas of greatest risk. The costs of agreed-upon procedures engagements is an allowable cost to the pass-through entity if the agreed-upon procedures are performed for subrecipients below the A-133 threshold for audit (currently at $500,000 for fiscal years ending after December 31, 2003) for the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; matching, level of effort, earmarking; and reporting (OMB Circular A-133 (§ ___.230(b)(2)).

Source of Governing Requirements

The requirements for subrecipient monitoring are contained in 31 USC 7502(f)(2)(B) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), OMB Circular A-133 (§ ___.225, § ___.310(d(5), § ___400(d)), A-102 Common Rule (§ ___.37 and § ___.40(a)) (45 CFR part 92), 2 CFR parts 25 and 170, and 48 CFR parts 4, 42, and 52 Federal awarding agency regulations, and the terms and conditions of the award.

PART III
M. Subrecipient Monitoring
ODJFS Compliance Requirements

Counties should never contract out eligibility determinations or Healthchek services. Counties can however, contract out for support or outreach services, EPSDT services (non-NET contract) and NET services (non-emergency transportation). Contracts (whether vendor or subrecipient) are not required to be submitted or approved by ODJFS. Auditors should review contracts entered into by the County JFS for services to determine if a vendor or subrecipient relationship exists. Auditors should also look for reoccurring expenditures to determine if such a relationship exists without entering into a formal contract.

ODJFS subrecipient monitoring tools 1) Subrecipient / Vendor Checklist; 2) Subrecipient / Vendor Example (Criteria Summary); 3) (Subrecipient) Monitoring Checklist; 4) Risk Assessment Tool are all available at http://jfs.ohio.gov/ofs/bmcs/TechMaterial.stm .

OAC 5101:9-1-88 Subrecipient annual risk assessment review and subrecipient monitoring process.

PART III
N. Special Tests and Provisions
OMB Compliance Requirements

There are no OMB Special Tests and Provisions for however ODJFS included a requirement for LPMD – see at the end of this section.

PART III
N. Special Tests and Provisions
ODJFS Compliance Requirements

The Healthchek program is a child health care program which offers every Medicaid recipient under 21 years of age medically necessary comprehensive health services and assistance with access to services. Pregnancy-Related Services (PRS) is a program which provides reimbursement for services to all pregnant Medicaid-eligible women and assistance with access to services.

The Early, Periodic, Screening, Diagnosis and Treatment (EPSDT) program, known in Ohio as Healthchek, and the Pregnancy-Related Services (PRS) program are federally mandated programs. In order to provide accurate information to the federal government, the Ohio Department of Job and Family Services requires that each County Department of Job and Family Services (CDJFS) complete and submit a Local Program Management Description (LPMD) for these programs. As communicated in MEPL transmittal letter 73, effective 7/1/13, the LPMD was reformatted as the JFS 03517 Healthchek Services Implementation Plan (HSIP). The intent is to provide a form through which county agencies report the administration of Healthchek (EPSDT) services in their county. The LPMD was a suggested format. The JFS 03517 replaces the LPMD as the official form and will be the required format for submission. If the CDJFS needs to submit a new or updated Healthchek (EPSDT)Services report, they will need to complete the JFS 03517 HSIP form. Agencies must discontinue the use of the LPMD suggested format. An example of the form can be found at http://www.odjfs.state.oh.us/forms/findform.asp?formnum=03517 and the law detailing HSIP (although not directly mentioned, is OAC 5160:1-2-05 (formerly 5101:1-38-05).

The Federal law supporting state-wideness of the program is the Omnibus Reconciliation Act of 1989 and 42 USC 1396(a)(a)(1). This requirement is part of the corrective action plan from CMS. Everyone has identified they are operating consistently throughout the State, thus meeting minimum requirements.

Per ODJFS, counties do submit these plans to the ODJFS, however, these plans will change over time. Auditors should obtain the plans for their testing period from the County JFS. Auditors should determine that any new submissions after 7/1/13 are made using the JFS 03517.

Counties should be sharing JFS 3528 documentation with Managed Care Plans documentation. If the Medicaid-enrolled individual participates in a managed care plan (MCP), the JFS 03528 form is required to be shared with the MCP. The only occasion where the sharing of the JFS 03528 is not required is if the individual is "fee-for-service", and therefore not enrolled in managed care. For reference, please see OAC 5160:1-2-05(D)(1)(c) (formerly OAC 5101:1-38-05), which requires coordination of services with the individual's managed care plan. Counties may also share data with the Managed Care Plans via a screen print of the CRIS-E – electronic eligibility system - screen known as AEIHC. This screen captures information from the JFS 03528 form, or it may be obtained verbally by the caseworker – via telephone or face-to-face interview – and entered manually onto the screen by the worker. The screen is then printed and shared with the MCPs. Form 3528 are completed for EPSDT and PRS (pregnancy). They are sent to the consumer and then returned to County JFS. The information should be shared with the managed care plan. This is an information sharing tool. ODJFS is looking for how the County JFS is sharing information. Managed Care Plans are specific to regions and recipients choose MCP. If not they are assigned to a plan.

ODJFS also requested we look at documentation of the County JFS following up on JFS 3535's for high risk pregnancies (for PRS program). This form is used as a tool for working with individual to get special types of services for at risk services (i.e. under/over weight – nutritional services, smokers, homeless). It is initiated by the provider who determines at risk pregnancy. The form goes to eligibility worker or EPSDT (depends on LPMD). If no form is filed there is no follow-up. However, if a form is on file, the County JFS should show follow-up with client.

PART III
N. Special Tests and Provisions
ODJFS Compliance Requirements

MEDICAID - HEALTHCHEK PROGRAM

OAC 5160:1-2-05 (F) (formerly OAC 5101:1-38-05) **(effective 02/14/2011)**

Each CDJFS shall submit a proposed plan to ODJFS within ten business days of a change in director, healthchek coordinator or where the responsibility for healthchek resides in in the agency. The proposed plan must include the following information:

- Identify where, in the CDJFS table of organization, the responsibility for the Healthchek program is located and the name(s) and title(s) of the contact person or Coordinator.
- A description of all assigned duties (Healthchek related AND unrelated duties, if any) of the staff/unit responsible for administration of administrative healthchek support services.
- Provide a description in the plan of the electronic and/or hard-copy methods for ensuring permanent records and documentation are maintained in a case file for each recipient.
- Identify any services or functions required in the rule which are contracted out to other entities. A copy of the contract shall be provided to ODJFS. The County CDJFS shall also describe accountability and monitoring measures, along with timeframes when monitoring takes place to ensure the contracted entities are achieving all required functions and that these functions are in accordance with applicable state and federal rules.

County Departments of Job and family services are responsible for informing recipients about healthchek. Each shall use a combination of written and oral methods to effectively inform recipients within sixty days of eligibility determination and at least once each year thereafter.

The CDJFS is required to enter data into the electronic eligibility system for Healthchek frp, the completed form JFS 03528 "HEALTHCHEK and Pregnancy Related Services Information Sheet" (rev. 2/2011).

> **FORM:**
> The JFS 03528 is formatted in a manner that will help the individual fill out the form and interact with the individual's Healthchek Coordinator. The form also includes a cover letter providing more detailed information about the services available through Healthchek. Once completed, this form is shared with the individual's managed care plan (MCP), if applicable . Instructions for the form can be found at http://www.odjfs.state.oh.us/forms/findform.asp?formnum=03528

If the Medicaid-enrolled individual participates in a managed care plan (MCP), the JFS 03528 form is required to be shared with the MCP. The only occasion where the sharing of the JFS 03528 is not required is if the individual is "fee-for-service", and therefore not enrolled in managed care.

MEDICAID - PREGNANCY RELATED SERVICES (PRS) PROGRAM

OAC 5160:1-2-06 (K) (formerly OAC 5101:1-38-06)

The CDJFS shall submit in writing, under signature of the CDJFS director,a description of the process and structure of the management of the local PRS program including the name of the contact person and/or coordinator for the program. The information submitted, shall include the following:

- Identify where in the CDJFS table of organization the responsibility for the Pregnancy Related Services (PRS) program is located and the name(s) and title(s) of the contact person or Coordinator.

- A description of all assigned duties (PRS related AND unrelated duties, if any) of the staff/unit responsible for informing women identified as pregnant of the following:
  a. The Pregnancy Related Services Program.

b. The importance of prenatal care.

c. The availability to assist eligible pregnant women in receiving an initial physician visit

- Identify the staff/unit responsible for the submission of pregnancy related services quarterly reports to ODJFS
- Identify how the CDJFS tracks women identified as pregnant
- Information as to whether the agency will provide transportation to infants during the first year of life.
- In counties with medicaid-contracting MCPs, the information submitted under the CDJFS director's signature shall include plans for coordination of efforts between the CDJFS and the MCPs. This can include written agreements between the CDJFS and the Medicaid-contracting MCPs with provisions for regularly scheduled meetings, as well as other ideas for county and plan coordination.
- All changes or amendments to the CDJFS's description of the process and/or structure shall be submitted in writing to ODJFS under the signature of the CDJFS director within ten working days.
- Information submitted under the signature of the CDJFS director can be combined or included with the information submitted as per paragraph (M) of rule 5101:1-38-05 of the Administrative Code.

ADDITIONAL REQUIREMENTS

- The LPMD must include copies of your agency's version of the forms used for both programs if your agency chooses not to use ODJFS state-issued forms for these programs. The county agency must obtain a waiver from ODJFS, Children's Health Section, prior to using any documents that stand in place of state-required forms, brochures or documents. Required forms include the following:
  - JFS 03528, "Healthchek and Pregnancy Related Services Information Sheet"
  - JFS 08009, Healthchek Services brochure
  - JFS 08062, Healthy Start for a Healthy Baby brochure.

  Note: As communicated in MEPL transmittal letter 73, effective 7/1/13, the LPMD was reformatted as the JFS 03517 Healthchek Services Implementation Plan (HSIP). The intent is to provide a form through which county agencies report the administration of Healthchek (EPSDT) services in their county. The LPMD was a suggested format. The JFS 03517 replaces the LPMD as the official form and will be the required format for submission. If the CDJFS needs to submit a new or updated Healthchek (EPSDT) Services report, they will need to complete the JFS 03517 HSIP form. Agencies must discontinue the use of the LPMD suggested format.

- Mandatory enrollment in managed care is now statewide. All counties are required to establish and maintain a means of communication with their managed care plans. The following Healthchek and PRS information must be included:

  a. Names of each MCP's contact person

  b. All written agreements the agency has made with any of the MCPs related to Healthchek and PRS

  c. Provisions for regularly scheduled meetings with MCPs

  d. How data is obtained from MCP's to support outreach efforts, blood lead level follow ups, etc…

PART III
N. Special Tests and Provisions
ODJFS Compliance Requirements

- The LPMD for Healthchek and Pregnancy Related Services and the after July 2013 the JFS 03517 HSIP form must be **signed by the agency's Director** and submitted to the Bureau of Health Plan Policy, Outreach and Technical Assistance Section, by any of the following methods:
  - a. email at Healthchek_PRS@medicaid.ohio.gov
  - b. Fax 614-466-2908, ATTN: Outreach and Technical Assistance Section
  - c. Regular mail at: Office of Medical Assistance
    Bureau of Health Plan Policy
    Attn: Outreach and Technical Assistance
    P.O. Box 182709, Columbus, OH 43218-2709