Federal Awards Compliance Audit Guidance

NAME OF CLIENT:	
YEAR ENDED:	12/31/2014

FEDERAL AWARD NAME:	Temporary Assistance for Needy Families (TANF) (Title IV-A)
CFDA#:	#93.558

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_558_TANF Cluster_2014_audit program_County JFS only_March 2015.docx

Introduction- Materiality by Compliance Requirement

Planning Federal Materiality by Compliance Requirement- 1, 2		
		(1)
	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	No
E.	Eligibility	Yes
F.	Equipment & Real Property Mgmt	Yes
G.	Matching, Level of Effort, Earmark	No- (Per ODJFS, OMB requirements are not applicable at the county level. They will be tested at the State level)
H.	Period of Availability	Yes
I.	Procurement & Sus. & Debarment	Yes
J.	Program Income	No (per OMB compliance supplement)
K.	Real Property Acq. & Rel. Asst.	No (per OMB compliance supplement)
L.	Reporting	Yes
M.	Subrecipient Monitoring	Yes
N.	Special Tests & Provisions (Provide an assessment for each)	No- (Per ODJFS, no special tests for TANF at the County level)

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_2014 to determine the applicability of programs OMB lists in its Compliance Supplement. Otherwise, review grant documents to help determine a requirement's applicability.

PART I – OMB Compliance Supplement Information

I. Program Objectives

The objectives of the State and Tribal TANF programs are to provide time-limited assistance to needy families with children so that the children can be cared for in their own homes or in the homes of relatives; end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals; and encourage the formation and maintenance of two-parent families. This program replaced the Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills Training (JOBS), and Emergency Assistance (EA) programs.

II. Program Procedures

Although the below information may not impact counties directly, to effectively audit this program auditors should understand all aspects of the program. This information is directly from the OMB Compliance Supplement and gives the auditors information on how the program operates. There is an AOS note included in this section for additional information. Tribal and Territorial information has not been included below.

Transfers out of TANF

As described in III.A.1.b, 'Activities Allowed or Unallowed,' States (not tribes) may transfer a limited amount of Federal TANF funds into the Social Services Block Grant (Title XX) (CFDA 93.667) and the Child Care and Development Block Grant (CFDA 93.575). These transfers are reflected in lines 2 and 3 of both the quarterly *TANF Financial Report* ACF-196, and the quarterly *Territorial Financial Report* ACF-196-TR. The amounts transferred out of TANF are subject to the requirements of the program into which they are transferred and should not be included in the audit universe and total expenditures of TANF when determining Type A programs. The amount transferred out should not be shown as TANF expenditures on the Schedule of Expenditures of Federal Awards, but should be shown as expenditures for the program into which they are transferred.

III. Source of Governing Requirements

These program are authorized under Title IV-A of the Social Security Act, as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) (Pub. L. No. 104-193), and subsequent amendments thereto, and are codified at 42 USC 601-619. PRWORA was signed into law on August 22, 1996, and required State implementation no later than July 1, 1997.

On April 12, 1999, ACF published final regulations for the TANF program. These final rules took effect October 1, 1999 (April 12, 1999, *Federal Register* (64 FR 17720 *et seq*.)). ACF also published technical and correcting amendments to the final rule on July 26, 1999, which were also effective on October 1, 1999 (July 26, 1999, *Federal Register* (64 FR 40290 *et seq*.). Thus, the obligations and expenditures of Federal TANF funds on or after October 1, 1999, and any State actions occurring on or after October 1, 1999, are subject to the provisions in the final rules, as amended (see 45 CFR Parts 260-265 for the TANF regulations applicable to States). The Deficit Reduction Act (DRA) of 2005 (Pub. L. No. 109-171), enacted February 8, 2006, included provisions to reauthorize the TANF program. On June 29, 2006, ACF published interim final regulations implementing the changes to the TANF program required by the DRA (June 29, 2006, *Federal Register* (71 FR 37454 *et seq*.), which is available on the Internet). On February 5, 2008, ACF published the final regulations implementing the changes to the TANF program required by the DRA of 2005 (February 5, 2008, *Federal Register* (73 FR 6772 *et seq.*) which is available at http://www.acf.hhs.gov/programs/ofa/. The final rule is effective October 1, 2008.

PRWORA also authorized any federally recognized tribe in the lower 48 states, 13 specified Alaskan Native entities, and consortia of eligible tribes to apply for funding under section 412 of the Act to administer a Tribal TANF program beginning July 1, 1997. The Foster Care Independence Act of 1999 (Pub. L. No. 106-169, December 14, 1999) also included technical amendments to the Act, which affected program regulations. Implementing regulations for Tribal TANF are in 45 CFR part 286.

PART I – OMB Compliance Supplement Information

State and *all* Tribal TANF programs (i.e., including Tribal TANF programs in Pub. L. No. 102-477 projects) are subject to the provisions in 45 CFR part 92, the HHS implementation of the A-102 common rule and 2 CFR part 225 (Office of Management and Budget Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments).

Availability of Other Program Information

TANF-ACF-PI-2007-08, dated November 28, 2007 on *Using Federal TANF and State Maintenance-of-Effort (MOE) Funds for Families in Areas Covered by a Federal or State Disaster Declaration* presents items to consider with respect to the current TANF program when addressing the needs of families affected by a Federal or State-declared disaster. TANF-ACF-PI-2007-08 is available at http://www.acf.hhs.gov/programs/ofa/programs/tanf/policy.

Other general program information regarding the State and Tribal TANF programs is available from the Office of Family Assistance (OFA) at http://www.acf.hhs.gov/programs/ofa/. Questions related to the TANF program may be directed to Robert Shelbourne at 202-401-5150 (direct) or by e-mail at robert.shelbourne@acf.dhhs.gov.

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)**
- **2 CFR 376 includes the Procurement Suspension & Debarment requirements for Health and Human Services**

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

TANF 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 at http://jfs.ohio.gov/factsheets/OWF.pdf for an overview of OWF and http://jfs.ohio.gov/factsheets/PRC.pdf for an overview of PRC.

(1.) Program overview

Welfare reform transformed the federal entitlement program formerly known as Aid to Dependent Children (ADC) to Temporary Assistance for Needy Families (TANF). The reform gives the State more flexibility with providing funding to families with children. Each State is responsible to develop a state plan to document how funds are to be spent and eligibility criteria (for example: allowable costs, eligibility criteria, reporting). The TANF program has two separate sub programs: Ohio Works First - OWF (cash assistance), & Prevention, Retention & Contingency-PRC (emergency assistance). Prior to 10-21-09 there was a third sub program - Early Learning Initiative – ELI (education/childcare expenses). See note below for ELI.

OWF portion of the program provides cash assistance to eligible families. Eligibility for Ohio Works First (OWF) is determined through the use of various computer systems (primarily CRIS-E). However, each county is responsible for processing applications for the clients, entering the appropriate information onto the CRIS-E system, coordinating services to the clients, and maintaining appropriate documentation in each case file. **OWF eligibility is determined and benefits are paid at the State level so OWF eligibility and benefits will be tested by the State Region. OWF expenditure testing at the counties will be limited to any cash payments (direct OWF benefits) made by the counties.** An example of this may be transportation for an OWF eligible person. The County may code this expenditure as OWF but it may be a cost allowable under the County PRC Plan and paid with PRC funding.

PRC provides monies to cover expenses that would otherwise place the family on public assistance. Each county must develop a plan to document their Prevention, Retention, and Contingency (PRC) program. PRC benefits are paid by the county in accordance with the County PRC Plan. This TANF program will be audited at the County level for all requirements, including eligibility and payments of benefits based on the County PRC plan. The PRC reference guide is available at http://www.jfs.ohio.gov/owf/prc/PRCReferenceGuide.stm.

Ohio Works Now - Governor Kasich signed Executive Order 2011-19K providing ODJFS the authority to develop a new state-sponsored program called Ohio Works Now. Ohio Works Now will issue additional food benefits to employed needy families with children who are receiving food assistance benefits. Although these additional food assistance benefits will be added to recipients´ Ohio Direction Cards, Ohio Works Now will be administered as part of the TANF program, with benefits issued from state maintenance-of-effort (MOE) funds. **Ohio Administrative Code Rule 5101:1-2-50 (effective 1/1/12) was created to implement the Ohio Works Now program. See CAMTL No. 72, dated 12-9-11 at http://www.odjfs.state.oh.us/lpc/calendar/fileLINKNAME.asp?ID=CAMTL72.**

Each state can have a different name for their State TANF Programs. Ohio's TANF program name is OWF (Ohio Works First). This encompasses all TANF related programs and not just the Ohio Works First part of the program.

ODJFS submits a State of Ohio TANF plan to the U.S. Department of Health & Human Services. This plan is available at http://www.jfs.ohio.gov/owf/plan_new.stm.

TANF Part II
ODJFS Specific Information

Section II, step 2, of the State TANF plan indicates each County to submit this written statement of their Prevention, Retention, & Contingency Program (PRC) plan to ODJFS. The County can choose to use the State model, revise the State model, or design a unique plan of their own which must be approved by ODJFS. The County can amend its plan at any time. Auditors should use the plan(s) in place during their audit. These plans are not archived on the ODJFS website. Auditors should obtain these plans from their County JFS Fiscal Office. The current County plans are available at http://www.jfs.ohio.gov/owf/prc/county/countytable.stm.

> **The requirement for this plan is included in:**
>
> **ORC 5108.04 (eff, 10-16-09) Statement of policies governing the prevention, retention, and contingency program states…**Each county department of job and family services shall adopt a written statement of policies governing the prevention, retention, and contingency program for the county. The statement of policies shall be adopted not later than October 1, 2003, and shall be updated at least every two years thereafter. A county department may amend its statement of policies to modify, terminate, and establish new policies. The county director of job and family services shall sign and date the statement of policies and any amendment to it. Neither the statement of policies nor any amendment to it may have an effective date that is earlier than the date of the county director's signature.
>
> Each county department of job and family services shall provide the department of job and family services a written copy of the statement of policies and any amendments it adopts to the statement not later than ten calendar days after the statement or amendment's effective date.
>
> **ORC 5108.05** (eff. 9-26-03) provides specific guidance on the provisions to be included in the County's statement of policies (County PRC plan).

ODJFS has PRC resources (including a PRC Reference Guide) available at http://jfs.ohio.gov/owf/prc/index.stm

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).
- 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.

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 14 & 15 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.

TANF Part II
ODJFS Specific Information

County	State Fiscal Year 14 IM Allocations	Percentage	State Fiscal Year 14 IM Allocations	Percentage
Delaware	$330,931	11.46%	$316,689	10.89%
Hancock	390,760	13.53%	400,841	13.79%
Knox	389,378	13.48%	406,772	13.99%
Marion	540,893	18.72%	543,024	18.68%
Marrow	230,785	7.99%	244,871	8.42%
Sandusky	386,290	13.37%	401,454	13.81%
Wood	619,760	21.45%	594,059	20.43%
Total	$2,888,797		$2,907,710	

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 and,

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.

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

Additional information per ODJFS:

- ODJFS Bureau of Monitoring and Consulting Services (BMCS) perform 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. See tools provided at http://jfs.ohio.gov/ofs/bmcs/index.stm & http://jfs.ohio.gov/ofs/bcfta/TOOLS/TOOLS.stm

- 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 (see also SFAE Testing Spreadsheet)**:**

- 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 5101:9-6-31, the County Share of Public Assistance Expenditures and the Mandated Share Budget is 105%.

    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 via the CFIS web system.
        - 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 SHIP.

    3. Income Maintenance (State Allocation) - TANF program does not use income maintenance monies.

TANF Part II
ODJFS Specific Information

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 December or January 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 statewide allocation does not change. 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 (Foster Care and Adoption Assistance) are reimbursement grants. There may be portions of a program that are on a reimbursement basis (none that we are aware of for TANF) however, the remainder of the programs the County JFS an 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 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). T**he 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).

- For most programs, expenditures are drawn down and expended based on State and Federal financial participation percentages. There is no matching requirement at the local level for TANF, however Counties have a required contribution for the program. The County can use mandated share or local monies to meet this required contribution. Per ODJFS, there are no matching requirements for TANF.

TANF Part II
ODJFS Specific Information

- Counties can also apply for special program allocations under the TANF program (often called demo programs). Auditors should review the documentation for these special programs to ensure the County has accurately reported the program and followed special program requirements. This FACCR does not include procedures for these specific programs. Auditors will need to tailor the FACCR accordingly.

- **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 2014-14 regarding costs associated with county lay-off of staff at** http://jfs.ohio.gov/ofs/bcfta/BB/BCFTAUpdate_2014-14_SFY15_CountyLayoff.stm

- **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

Since each County could conceivably have a different PRC plan with varying eligibility requirements, services offered, etc., there is no effective way to incorporate testing for all Counties in this FACCR. In addition, Counties can amend their plan at will be amended at will. Auditors will need to tailor this FACCR in accordance to the plan(s) in effect during their audit.

As noted above, OWF eligibility and benefits will be tested by the State Region, except for direct payments the County made for these programs. County audits will focus on PRC, direct OWF and administrative expenses for the TANF program.

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	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

TANF Part II
ODJFS Specific Information

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

The County federal schedule will report 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 #93.558. 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).

TANF	CFDA #	Pass through number	Expenditures
Temporary Assistance For Needy Families (Tanf)	93.558	G-1011-11-5006 / G-1011-11-5007	$XXX,XXX

See also "Transfers out of TANF" in OMB Part I, Section II – Program Procedures above.

(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. ODJFS website gives specific CRIS-E reporting tools for County PRC programs at http://jfs.ohio.gov/OWF/prc/Reporting_Tool.stm

- 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. The County Finance Information System (CFIS) Web went live on July 1, 2012. At the county level financial data is imported (pulled) from templates or from interfaced systems like WebRMS and SACWIS into the CFIS Web reporting system. All information flows from OAKS through CFIS and down to the county system. Each grant is coded separately. ODJFS has a spreadsheet for coding in CFIS. ODJFS updates this information each year.

TANF 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 2014.

The OAKS general controls portion tested as part of the Statewide SSAE 16 SOC 1 engagement, 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. This change will not impact any of our 2014 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, Federal awarding agency regulations, and the terms and conditions of the award.

OMB Specific Information

1. *Federal Only*
    a. Funds may be used for expenditures for activities that are not permissible under 42 USC 601, but for which the State was authorized to use Title IV-A or IV-F funds under prior law. The previously authorized activities must have been included in a State's approved State AFDC plan, JOBS plan, or Supportive Services Plan, as in effect on September 30, 1995, or at the State's option, on August 21, 1996. Examples of such activities are authorized juvenile justice and foster care activities (42 USC 604(a)(2); 45 CFR section 263.11(a)(2)).
    b. A State may transfer up to 30 percent of the combined total of current fiscal year funds (not prior fiscal year funds carried into the current fiscal year) received under the SFAG, and supplemental grant for population increases for a given fiscal year to carry out programs under the Social Services Block Grant (Title XX) (CFDA 93.667) and/or the Child Care and Development Block Grant (CFDA 93.575). However, no more than 10 percent may be transferred to Title XX, and such amounts may be used only for programs or services to children or their families whose income is less than 200 percent of the poverty level. Neither contingency funds under 42 USC 603(b) nor emergency funds under 42 USC 603(c) (Pub. L. No. 111-5) can be transferred under this authority (Pub. L. No. 109-171, Sec. 7101(a); Pub. L. No. 110-161 (Consolidated Appropriations Act, 2008 (Social Services Block Grant; 42 USC 604(d); 45 CFR section 263.11(b); and 45 CFR section 264.72(e)). The poverty guidelines are issued each year in the *Federal Register* and HHS maintains a website that provides the poverty guidelines (http://aspe.hhs.gov/poverty/index.shtml).
2. *Federal Only and Commingled Federal/State* - Funds may not be used to provide medical services other than pre-pregnancy family planning services (42 USC 608(a)(6)).
3. *Federal Only, Commingled Federal/State, Segregated State, Separate State Program*
    a. Funds may be used in any manner reasonably calculated to accomplish the purposes of the program, including providing low-income households with assistance in meeting home heating and cooling costs (42 USC 604(a)(1) and 45 CFR section 263.11(a)(1)). As specified in 42 USC

601 and 45 CFR section 260.20, the TANF program has the following purposes(Note: In the following sections of this program supplement, these are referenced as TANF purposes 1, 2, 3, and/or 4):

1. Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
2. End dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
3. Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
4. Encourage the formation and maintenance of two-parent families.

b. A State may use funds for programs to prevent and reduce the number of out-of-wedlock pregnancies, including programs targeted to law enforcement officials, the educational system and counseling services, that provide education and training of women and men on the problem of statutory rape (42 USC 602(a)(1)(A)(v) and (vi)).

c. Funds may be used to make payments or provide job placement vouchers to State-approved public and private job placement agencies providing employment placement services to individuals receiving assistance under TANF (42 USC 604(f)).

d. Funds may be used to implement an electronic benefits transfer system (42 USC 604(g)).

e. Funds may be used to carry out a program to fund individual development accounts (42 USC 604(h)(2); 45 CFR sections 263.20 through 263.23) established by individuals eligible to receive assistance under TANF (42 USC 604(h); 45 CFR part 263, subpart C).

f. A State may contract with charitable, religious, and private organizations to provide administrative and programmatic services and may provide beneficiaries of assistance with certificates, vouchers, or other forms of disbursement that are redeemable with such organization (42 USC 604a(b), 42 USC 604a(k), and 45 CFR section 260.34). However, funds provided directly to participating organizations may not be used for inherently religious activities, such as worship, religious instruction, or proselytization (42 USC 604a(j); 45 CFR section 260.34(c)).

PART III
A. Activities Allowed or Unallowed
ODJFS Compliance Requirements

ODJFS Program Specific Requirements
As noted in the Introduction, counties must develop a plan which documents their PRC program. Each audit team must obtain and review the county's plan for this program to determine what types of expenditures would be allowed/unallowed for the PRC portion of this program at the county level. **OWF (TANF) benefits will be tested by the State Region, except for direct payments the County made for these programs.**

RMS
The following transmittal letters communicate the most recent changes to the OAC rules concerning the 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 forms 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 ODJFS 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)	More than 10 Participating Positions	Minimum of 354
Child Support (CSRMS)	1-10 Participating Positions	Minimum of 33 per worker

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. 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	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)

These electronic reports in CFIS Web are titled CR520 reports, they will however, still be designated at the bottom as 2827, 2750 or 2820.

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

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 into the RMS system. There is a data file with this information in CFIS that can be downloaded at the County JFS site.

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.

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

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_010686.pdf. 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/revisedslguide.pdf , https://rates.psc.gov/fms/dca/PA%20BPM.pdf and https://rates.psc.gov/fms/dca/revisedslguide.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 arm's 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.

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 2013, based upon costs incurred and charged to cost pools during fiscal year ending June 30, 2012 (2012), the base year. The resulting IDCRA negotiated during year ending June 30, 2013 (2013) would be used as the basis for charging indirect costs to federal awards in the year ended June 30, 2014 (2014). 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 2012 (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 2014 (the year when this ICRP is first used to charge federal awards), the auditor would be testing 2012 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 2014, the auditor for 2014 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 2012 audit. As part of the 2013 audit, complete testing and verify management's representation against the ICRP finally submitted in 2013.

- Test costs charged to the cost pools underlying the ICRP during the audit of 2013, the year immediately following the base year. This would require testing of 2012 transactions.

- Wait until 2014, the year in which charges from the IDCRA are material to a major program and test costs charged to cost pools (2012) 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.

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.

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

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
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

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

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
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 awards provide for advance payments, recipient must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement and 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.

U.S. department of the Treasury (Treasury) regulations at 31 CFR part 205, which implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. 101-453; 31 USC 6501 et seq.), require State recipients to enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs. The agreements also specify the terms and conditions under which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury is Subpart B of 31 CFR part 205 (Subpart B).

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, regardless of the funding agency, is required to be remitted to Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852.

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.

Note: Violations of cash management rules alone generally should not result in a questioned cost unless the entity spent the interest earnings related to the excess grant cash balances on hand throughout the year (these monies would be payable back to the pass-through/federal agency). Further, the interest earnings expended must exceed $10,000 in a single major program to be a questioned cost. (Source: AOS CFAE)

Source of Governing Requirements

The requirements for cash management are contained in the A-102 Common Rule (§___.21) (codified under 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 Bureau of the Fiscal Service maintains a Cash Management Improvement Act web page (http://www.fms.treas.gov/cmia/).

PART III
C. Cash Management
ODJFS Compliance Requirements

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 (OAC 5101:9-7-03) of the Fiscal Administrative Procedures Manual." The Fiscal Administrative Procedures Manual is available at http://emanuals.odjfs.state.oh.us/emanuals/ .

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.

See 45 CFR 92.20 and 45 CFR 260.30 here CFR lookup (select year 2013) , which states, in part:

> U.S. Department of Health and Human Services regulations at 45 CFR Part 92.20(b)(7) govern the procedures for cash management in the TANF program. These regulations state that grantees (States) and sub-grantees must follow procedures for minimizing the time elapsing between the transfer of Federal funds from the U.S. Treasury and disbursements whenever they use advance procedures for drawdown. Also, States must monitor cash drawdowns by their sub-grantees to assure that they conform substantially to the same standards of timing and amount as apply to States.
>
> Federal TANF funds are available only for drawdowns to cover allowable TANF expenditures. 45 CFR Part 260.30 of the final TANF regulations defines Federal TANF expenditures. Federal TANF expenditures are defined as any amount of Federal TANF funds that a State expends, spends, pays out, or disburses consistent with the requirements of 45 CFR Parts 260 through 265 of the final TANF regulations. Disbursements to subgrantees, including counties administering TANF, must be to cover allowable TANF expenditures consistent with the final TANF regulations prior to the disbursement of the Federal TANF funds. Disbursement of Federal TANF prior to their immediate cash need to cover allowable TANF expenditures is **unallowable.**

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

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

PART III
E. Eligibility
OMB Compliance Requirements

Compliance Requirements

The specific requirements for eligibility 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 compliance requirement specifies the criteria for determining the individuals, groups of individuals (including area of service delivery), or subrecipients that can participate in the program and the amounts for which they qualify.

Source of Governing Requirements

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

OMB Specific Information

Eligibility for Individuals

The State or Tribal Plan provides the specifics on the State or tribal service area's definition of financially needy which the State or tribal area uses in determining eligibility. Whenever used in this section, 'assistance,' has the meaning in 45 CFR section 260.31(a) of the TANF regulations for States and 45 CFR section 286.10 of the Tribal TANF regulations for federally recognized tribes operating an approved Tribal TANF program. Plan and eligibility requirements must comply with the following Federal requirements:

1. *Federal Only, Commingled Federal/State, Segregated State, and Separate State Program* -
    a. Only a financially needy family that consists of, at a minimum, a minor child living with a parent or other caretaker relative, or a pregnant woman may receive TANF 'assistance' or most maintenance-of-effort (MOE)-funded benefits, services, or 'assistance' regardless of the TANF purpose that the expenditure is reasonably calculated to accomplish (see III.A.3.a, 'Activities Allowed or Unallowed - Federal Only, Commingled Federal/State, Segregated State, Separate State Program'). The child must be less than 18 years old, or, if a full-time student in a secondary school (or the equivalent level of vocational or technical training), less than 19 years old. (With respect to segregated or separate State MOE funds, the State could use the definition for minor child given in section 419(2) of the Act or some other definition applicable in State law provided the State can articulate a rational basis for the age it chooses.) Financially 'needy' means financially eligible according to the State's quantified income and resource (if applicable) criteria to receive the benefit (42 USC 602 and 602(a)(1)(B)(iii), 42 USC 609(a)(7)(B)(IV), and 42 USC 608(a)(1), 619(2; 45 CFR section 263.2(b)(2)). See III.G.2.1, 'Matching, Level of Effort, Earmarking - Level of Effort' Maintenance-of-Effort,' for the limited MOE pro-family exception to this requirement.

    Note: A State may continue to provide federally funded (*Federal Only*) TANF 'assistance' pursuant to 42 USC 604(a)(2) using the financial eligibility criteria contained in the State's approved AFDC, EA, JOBS, or Supportive Services plan as of September 30, 1995 (or at State option, as of August 21, 1996). A State may also continue this assistance notwithstanding the family composition requirement described above. (See III A.1.a, 'Activities Allowed or Unallowed.')

    Only the financially 'needy' are eligible for services, benefits, or 'assistance' pursuant to TANF purpose 1 or 2 (see III.A.3.a, 'Activities Allowed or Unallowed - Federal Only, Commingled Federal/State, Segregated State, Separate State Program') (42 USC 601(a)(1) and (2); 45 CFR sections 260.20(a) and (b)). Financially 'needy' for TANF and MOE purposes means financial deprivation, i.e., lacking adequate income and resources. For example, a needy family or a needy parent is one who is financially eligible according to the State's quantified financial eligibility

criteria (income and resource (if applicable) standards, April 12, 1999, *Federal Register* (64 FR 17825), 45 CFR section 263.2(b)(3)).

States may choose to use Federal only TANF funds to provide benefits that do not constitute 'assistance' to the non-needy pursuant to TANF purpose 3 or 4 only (see III.A.3.a, 'Activities Allowed or Unallowed - Federal Only, Commingled Federal/State, Segregated State, Separate State Program') (42 USC 601(a)(3) and (4); 45 CFR sections 260.20(c) and (d)). States may also choose to use MOE funds to provide certain pro-family non-assistance benefits to the non-needy under TANF purpose 3 or 4 (See III.G.2.1, 'Matching, Level of Effort, Earmarking - Level of Effort' - Maintenance of Effort,' for the limited MOE pro-family exception to this requirement).

b. Qualified aliens, as defined in 8 USC 1641(b), are the only non-citizens who may receive a TANF public benefit, as defined in 8 USC 1611(c)), using Federal TANF or commingled funds. Qualified aliens are lawful permanent residents, asylees, refugees, aliens paroled into the U.S. for at least one year, aliens whose deportations are being withheld, aliens granted conditional entry, Cuban/Haitian entrants, and certain battered aliens. Victims of severe forms of trafficking and certain family members are also eligible for federally funded or administered public benefits and services to the same extent as refugees.

Qualified aliens, nonimmigrants under the Immigration and Nationality Act, and individuals paroled into the U.S. for less than a year are the only noncitizen groups that are eligible for a non-commingled State or local MOE-funded public benefit, as defined in 8 USC 1621(c). Aliens that are not lawfully present in the U.S. may also be eligible for a State or local MOE-funded public benefit if the State has enacted a law after August 22, 1996 affirmatively providing for such eligibility. (8 USC 1621(d)) All expenditures must meet all MOE requirements at 45 CFR part 263, Subpart A. See III.G.2.1, 'Matching, Level of Effort, Earmarking - Level of Effort' - Maintenance of Effort.'

States have the authority to decide whether or not to provide a Federal TANF public benefit or a MOE-funded public benefit to otherwise qualified aliens (including nonimmigrants and individuals paroled in the U.S. for less than a year in the case of a noncommingled State or local MOE-funded public benefit) (8 USC 1612(b)(1) and 8 USC 1622(a)). If a State has decided not to help eligible aliens, then the State may not deny eligibility to refugees, asylees, aliens whose deportation has been withheld, Amerasians, and Cuban/Haitian entrants for a period of 5 years after the date of entry into the U.S. or the date asylum or withholding of deportation was granted. Also, such States may never deny eligibility to legal permanent residents who have worked 40 qualifying quarters after December 31, 1996 and have not received any Federal means-tested public benefit during such period (once the 5-year bar has expired for a qualified alien entering the U.S. on or after August 22, 1996 as described in the next paragraph), or to aliens who are veterans, members of the military on active duty, and their spouses and unmarried dependents (8 USC 1612(b)(2)(A)(ii) 8 USC 1621(2)(B) and (C), 8 USC 1622(b)(1)-(3)) In other words, Congress did not give States the authority to deny eligibility to all eligible aliens. If the State elects to help all otherwise eligible aliens (as described in the preceding two paragraphs), then this paragraph does not apply.

Unless exempt under 8 USC 1613(b), qualified aliens, as defined in 8 USC 1641(b), entering the U.S. on or after August 22, 1996, are not eligible for a Federal means-test public benefit (e.g., federally funded TANF assistance), as defined in 8 USC 1611(c), for a period of 5 years (8 USC 1613(a)). The 5-year bar begins either on the date of the alien's entry into the U.S. as a qualified alien or on the date the alien residing in the U.S. becomes a qualified alien, whichever is later. If

the alien entered the U.S. on or after August 22, 1996, but does not have an immigration status that qualifies (as defined in 8 USC 1641(b)), the individual is not eligible for a Federal public benefit (as defined in 8 USC 1611(c)). The following qualified aliens are exempt from the 5-year bar: refugees, asylees, aliens whose deportation is being withheld, Amerasians, Cuban/Haitian entrants, as well as veterans, members of the military on active duty, and their spouses and unmarried dependent children (8 USC 1613(b)).

If a noncash Federal or State and local public benefit meets the specifications in the Attorney General's Final Order (Order No. 2353-2001 published January 16, 2001 at 66 FR 3613), then the State may provide the benefit regardless of immigration status (8 USC 1611 (b)(1)(D) and 8 USC 1621(b)(4)).

2. *Federal Only and Commingled Federal/State -*
   a. Any family that includes an adult or minor child head of household or a spouse of the head of household who has received assistance under any State program funded by Federal TANF funds for 60 months (whether or not consecutive) is ineligible for additional federally funded TANF assistance. However, the State may extend assistance to a family on the basis of hardship, as defined by the State, or if a family member has been battered or subjected to extreme cruelty. In determining the number of months for which the head of household or the spouse of the head of household has received assistance, the State must not count any month during which the adult received the assistance while living in Indian country or in an Alaskan Native Village and the most reliable data available with respect to that month (or a period including that month) indicate at least 50 percent of the adults living in Indian country or in the village were not employed (42 USC 608(a)(7); 45 CFR sections 264.1(a), (b), and (c)).

      (See III.G.3, 'Matching, Earmarking, Level of Effort - Earmarking,' for testing the limits related to the number of exemptions.)
   b. A State may not provide assistance to an individual who is under age 18, is unmarried, has a minor child at least 12 weeks old, and has not successfully completed high school or its equivalent unless the individual either participates in education activities directed toward attainment of a high school diploma or its equivalent, or participates in an alternative education or training program approved by the State (42 USC 608(a)(4); 45 CFR section 263.11(b)).
   c. A State may not provide assistance to an unmarried individual under 18 caring for a child, if the minor parent and child are not residing with a parent, legal guardian, or other adult relative, unless one of the statutory exceptions applies (42 USC 608(a)(5)).
   d. A State may not provide assistance for a minor child who has been or is expected to be absent from the home for a period of 45 consecutive days or, at the option of the State, such period of not less than 30 and not more than 180 consecutive days unless the State grants a good cause exception, as provided in its State Plan (42 USC 608(a)(10)).
   e. A State may not provide assistance for an individual who is a parent (or other caretaker relative) of a minor child who fails to notify the State agency of the absence of the minor child from the home, as in paragraph e. immediately above, within five days of the date that it becomes clear to that individual that the child will be absent for the specified period of time (42 USC 608(a)(10)(C)).
   f. A State may not use funds to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to place of residence in order to simultaneously receive assistance from two or more States under TANF, Title XIX, or the Food Stamp Act of 1977, or benefits in two or more States under the Supplemental Security Income program under Title XVI of the Social Security Act. If the President of the United States grants a pardon with respect to the conduct that was the subject of the conviction, this prohibition will not apply for any month beginning after the date of the pardon (42 USC 608(a)(8)) .

g. A State may not provide assistance to any individual who is fleeing to avoid prosecution, or custody or confinement after conviction, for a felony or attempt to commit a felony (or in the State of New Jersey, a high misdemeanor), or who is violating a condition of probation or parole imposed under Federal or State law (42 USC 608(a)(9)(A)).

3. *Federal Only, Commingled Federal/State, Segregated State* -

a. A State shall require, as a condition of providing assistance, that a member of the family assign to the State the rights the family member may have for support from any other person. This assignment does not exceed the amount of assistance provided (42 USC 608(a)(3)).

b. An individual convicted under Federal or State law of any offense which is classified as a felony and which involves the possession, use, or distribution of a controlled substance (as defined the Controlled Substances Act (21 USC 802(6)) is ineligible for assistance if the conviction was based on conduct occurring after August 22, 1996. A State shall require each individual applying for TANF assistance to state in writing whether the individual or any member of their household has been convicted of such a felony involving a controlled substance. However, a State may by law enacted after August 22, 1996, exempt any or all individuals from this prohibition or limit the time period that this prohibition applies to any or all individuals 21 USC 862a).

c. If an individual in a family receiving assistance refuses to engage in required work, a State must reduce assistance to the family, at least pro rata, with respect to any period during the month in which the individual so refuses, or may terminate assistance. Any reduction or termination is subject to good cause or other exceptions as the State may establish (42 USC 607(e)(1); 45 CFR sections 261.13 and 261.14(a) and (b)). However, a State may not reduce or terminate assistance based on a refusal to work if the individual is a single custodial parent caring for a child who is less than 6 years of age if the individual can demonstrate the inability (as determined by the State) to obtain child care for one or more of the following reasons: (a) the unavailability of appropriate care within a reasonable distance of the individual's work or home; (b) unavailability or unsuitability of informal child care; or (c) unavailability of appropriate and affordable formal child care (42 USC 607(e)(2); 45 CFR sections 261.15(a), 261.56, and 261.57).

PART III
E. Eligibility
ODJFS Compliance Requirements

OWF (TANF non-PRC) eligibility will be tested by the State Region.

PRC - Since each County could conceivably have a different PRC plan with varying eligibility requirements. Auditors must obtain and review the county's plan to determine the eligibility requirements for the PRC portion of this program at the county level and will need to tailor this FACCR Section in accordance to the plan(s) in effect during their audit period.

Per ODJFS, there may be some counties who do not allow PRC for families on an OWF sanction. If an OWF recipient is under sanctions in OAC 5101:1-3-15, the county may stipulate the recipient is not eligible for PRC benefits. If they do not provide PRC to families with an OWF sanction, that must be listed in their plan.

Even though each County has a different plan, all counties must follow the requirements in OAC 5101:1-24-20 and OAC 5101:1-23-75 for their Prevention, Retention, and Contingency (PRC) Program. OAC 5101:1-23-75 covers the Ohio works first (OWF) and prevention, retention and contingency (PRC): assistance group ineligibility due to receipt of fraudulent assistance. Auditors should refer to this section if they have such a situation.

See OAC 5101:1-24-20 Prevention, retention and contingency (PRC) program: excluded income and resources. (eff. 1/1/2011).

PART III
F. Equipment and Real Property Management
OMB Compliance Requirements

Compliance Requirements

Equipment Management

Title to equipment acquired by a non-Federal entity with Federal awards vests with the non-Federal entity. Equipment means tangible nonexpendable property, including exempt property, charged directly to the award having a useful life of more than one year and an acquisition cost of $5000 or more per unit. However, consistent with a non-Federal entity's policy, lower limits may be established.

Subrecipients of States who are local governments or Indian tribes shall use State laws and procedures for equipment acquired under a subgrant from a State.

Local governments and Indian tribes shall follow the A-102 Common Rule (45 CFR part 92) for equipment acquired under Federal awards received directly from a Federal awarding agency. Basically, the A-102 Common Rule (45 CFR part 92) requires that equipment be used in the program for which it was acquired or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every 2 years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained. When equipment with a current per unit fair market value of $5000, or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.

45 CFR 92.32 (below) provides the federal requirements for the use, management and disposition of equipment acquired in whole or in part with Federal monies.

Source of Governing Requirements-Equipment

The requirements for equipment are contained in the A-102 Common Rule (§ ___.32)(codified under 45 CFR part 92), OMB, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

Real Property Management – ***n/a*** **- TANF monies cannot be used for acquiring real property.**

PART III
F. Equipment and Real Property Management
ODJFS Compliance Requirements

The use, management and disposition of equipment acquired under a subgrant of federal monies is subject to the requirements of 45 CFR 92.32 and Ohio Administrative Code (OAC) Rules 5101:9-4-02, Standards of Acquisition, 5101:9-4-15, Disposal of Assets, 5101:9-4-10, Asset Reimbursement Methods and 5101:9-4-11 Rental Costs and Lease Agreements.

Note: FAPMTL 301updated OAC 5101:9-4-10 (effective 9/9/14) the update incorporates new OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. This guidance is effective for programs awarded by the Federal Awarding Agencies on or after 12/26/14. In our communication with ODJFS, awards made for SFY 16 will be subject to the new federal requirements. While the actual OAC has now been updated with the new requirements, we can still view the text for the previous rule using the ODJFS Fiscal Adminstrative Procedure Manual (http://emanuals.odjfs.state.oh.us/emanuals/GetTocDescendants.do?nodeId=%23node-id(389)&maxChildrenInLevel=100&version=8.0.0), you will need to select chapter 7 and then the appropriate code section in the drop down. The OAC chapter will then have a link into the previous guidance.

45 CFR § 92.32 Equipment.

(a) *Title.* Subject to the obligations and conditions set forth in this section, title to equipment acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.

(b) *States.* A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures. Other grantees and subgrantees will follow paragraphs (c) through (e) of this section.

(c) *Use.*

(1) Equipment shall be used by the grantee or subgrantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.

(2) The grantee or subgrantee shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency. User fees should be considered if appropriate.

(3) Notwithstanding the encouragement in § 92.25(a) to earn program income, the grantee or subgrantee must not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by Federal statute.

(4) When acquiring replacement equipment, the grantee or subgrantee may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency.

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following
requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.
(5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(e) *Disposition.* When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:
(1) Items of equipment with a current per-unit fair market value of less than $5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
(2) Items of equipment with a current per unit fair market value in excess of $5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.
(3) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions.

(f) *Federal equipment.* In the event a grantee or subgrantee is provided federally-owned equipment:
(1) Title will remain vested in the Federal Government.
(2) Grantees or subgrantees will manage the equipment in accordance with Federal agency rules and procedures, and submit an annual inventory listing.
(3) When the equipment is no longer needed, the grantee or subgrantee will request disposition instructions from the Federal agency.

(g) *Right to transfer title.* The Federal awarding agency may reserve the right to transfer title to the Federal Government or a third part named by the awarding agency when such a third party is otherwise eligible under existing statutes. Such transfers shall be subject to the following standards:
(1) The property shall be identified in the grant or otherwise made known to the grantee in writing.
(2) The Federal awarding agency shall issue disposition instruction within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Federal awarding agency fails to issue disposition instructions within the 120 calendar-day period the grantee shall follow Sec. 92.32(e).
(3) When title to equipment is transferred, the grantee shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

OAC 5101:9-4-02 (eff. 1-22-10) states “Each CFSA and WDA shall develop written acquisition standards. These acquisition standards shall comply with all applicable federal and state acquisition statutes, regulations, rules, and circulars. The written standards shall also contain all relevant requirements of the provisions of this chapter, including the requirements listed in rule 5101:9-4-07 of the Administrative Code.”

OAC 5101:9-4-15 (eff. 2-4-12) states “Assets acquired in whole or in part with federal funds must be disposed of in compliance with 2 (C.F.R.) part 225, 7 C.F.R. part 277, 29 C.F.R. part 97, and 45 C.F.R. part 92 and part 95 in accordance with state and local requirements. The most restrictive regulations shall apply.” This section also states the County Commissioners must be notified for disposal of assets and gives disposal options when an asset is not needed for public use or is obsolete or unfit for the use for which it was acquired.

OAC 5101:9-4-11 (eff. 2-17-12) states “The county family service agency shall follow federal, state, and local regulations when seeking federal financial participation (FFP) for the costs associated with the rent or lease of property or equipment. The costs must be necessary and reasonable for proper and efficient performance and administration of the specific program financing the cost and must be in compliance with 2 C.F.R. part 225.” This section also gives guidance on determining the reasonableness of the costs.

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)).

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) (OMB Circular A-133 Compliance Supplement, Part 4, Department of Education Cross-Cutting –is referred to in Part 3 as an example for all federal agencies):

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.

OMB Specific Information

States

Funds, other than contingency funds, are available to the State until expended for the purpose of providing assistance under the TANF program; contingency funds may be used for qualified expenditures only in the fiscal year for which the funding is provided (42 USC 603(b) and 604(e); 45 CFR sections 263.11(b) and 265.3(c)). .

a. *Unobligated Balances Reported on a State Fourth Quarter Financial Report for the Immediately Preceding Fiscal Year* States may use any Federal TANF funds carried forward into a fiscal year from a

prior fiscal year to provide, without fiscal year limitation, any benefit or service provided under the State's TANF program (42 USC 604(e), as amended by ARRA).

States have several options for claiming administrative costs when providing assistance with prior year unobligated balances. The State may charge administrative costs related to providing the assistance to the prior year grant if the State has not expended 15 percent of the prior year's Adjusted SFAG on administrative costs previously. If the State has an unobligated balance and has expended the maximum 15 percent on administrative cost previously, the State may charge the administrative costs associated with providing the assistance to current year administrative costs. If the State chooses this option the administrative costs associated with providing assistance with prior year unobligated balances will be included within the 15 percent administrative cost cap for the current fiscal year.

The Federal TANF 15 percent administrative cost cap is based on:

(1) For States, the Adjusted SFAG (reported in Line 4, Column (A) on the ACF-196, *TANF Financial Report) plus* the Federal Contingency Award (reported in Line 1, Column (D)) for States that receive Federal Contingency funds for the fiscal year, and Line 1, Column (E) if a State received Federal emergency funds for FY 2009 and 2010 *divided* by the total amount entered in Line 6j, Columns (A), (D) and (E); and

(2) For territories, the Adjusted SFAG (reported in Line 4, Columns (A) and (G) (if a territory receives federal emergency TANF funds for fiscal year 2009 and 2010 on the ACF-196-TR, *Territorial Financial Report) divided* by the total amount entered in Line 6j, Columns (A) and (G). .

The administrative cost cap is tracked by the fiscal year for which the funds were awarded and not by the total the State expends on administrative costs in a given fiscal year.

b. *Current Fiscal Year Federal Expenditures on Non-Assistance* –Prior to October 1, 2008, the State must obligate by September 30 of the current fiscal year any funds for expenditures on non-assistance. Non-assistance expenditures are reported on Line 6 categories on the *ACF-196 TANF Financial Report* and the ACF-196-TR, *Territorial Financial Report.* The State must liquidate these obligations by September 30 of the immediately succeeding Federal fiscal year for which the funds were awarded. If the final liquidation amounts are lower than the original amount obligated, this difference must be included in the Unobligated Balance Line Item for the year in which they were awarded. Unobligated balances from previous fiscal years may only be expended on benefits that meet the definition of assistance at 45 CFR section 260.31(a) and related administrative costs associated with providing such assistance.

Effective October 1, 2008, States may use Federal TANF funds carried forward into a fiscal year from a prior fiscal year to provide, without fiscal year limitation, any benefit or service provided under the State's TANF program (42 USC 604(e), as amended by ARRA).

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 13 and TANF FFY 14 will be available during the Oct 2013 – Dec 2013 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 9/30/13 (and after 10/1/12) to either the FFY 13 grants or FFY 14 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 9/30/2013,
- Agencies may not, under any circumstances, post expenditures incurred after 9/30/13 to a FFY 13 grant. FFY 14 grants must be used for expenditures incurred on or after the beginning of the new FFY (10/1/13.)

Accessing FFY 13 Grants

- FFY 13 grants began on 10/01/2012 and are available through 9/30/2013. The liquidation period for the FFY 12 grants is 10/01/2013 – 12/31/2013; 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 9-30-2013 to FFY 13 grants through a Post Allocated Adjustment (PAA).
- It is important to note that when doing a PAA to access FFY 13 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 14 Grants

- FFY 14 grants begin on 10/01/2013 are available for expenditures incurred through 9/30/2014. FFY 14 grants will have a liquidation period of 10/01/2014 – 12/31/2015; agencies may post expenditures and submit draw requests until 12/31/2014.
- Since the FFY 14 grants begin on 10/01/2013 expenditures posted via PET or CFIS Web will automatically be mapped to the FFY 14 grants.
- Agencies only need to do a PAA for those expenditures that they are opting to move to the FFY 13 grant (those incurred before 10/1/13). Again, a PAA for this purpose is not a requirement; it is an option for those with remaining FFY13 balances.

PART III
I. Procurement and Suspension and Debarment
OMB Compliance Requirements

Compliance Requirements

Procurement

States, and governmental subrecipients of States, will use the same State policies and procedures used for procurements from non-Federal funds. They also must ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations.

All non-Federal entities shall follow Federal laws and implementing regulations applicable to procurements, as noted in Federal agency implementation of the A-102 Common Rule (45 CFR part 92).

Source of Governing Requirements-Procurement

The requirements for procurement are contained in the A-102 Common Rule (§ ____.36) (45 CFR part 92)), program legislation;, Federal awarding agency regulations, and the terms and conditions of the award. The specific references for the A-102 Common Rule (45 CFR part 92), respectively are given for each suggested audit procedure indicated below.

Suspension and Debarment

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA) and available at https://www.sam.gov/portal/public/SAM/ **(note: EPLS is no longer a separate system; however, the OMB guidance and agency implementing regulations still refer to it as EPLS),** (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Non-profit entities receiving contracts from the Federal Government are required to comply with the contract clause at Federal Acquisition Regulation (FAR) 52.209-6 before entering into a subcontract that will exceed $30,000, other than a subcontract for a commercially available off-the-shelf item.

Source of Governing Requirements - Suspension and Debarment

The requirements for norprocurement suspension and debarment are contained in OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension; Federal agency regulations in 2 CFR adopting the OMB guidance; the A-102 Common Rule (§____.36) (45 CFR part 92); program legislation; Federal awarding agency regulations; and the terms and conditions of the award. Most of the Federal agencies have adopted this guidance and relocated their associated agency rules in Title 2 of the CFR as final rules. For any agency that has not completed its adoption of 2 CFR part 180, pending completion of that adoption, agency implementations of the common rule remain in effect. Appendix II includes the current CFR citations for all agencies. In either case, the applicable requirements are specified in the terms and conditions of award.

PART III
I. Procurement and Suspension and Debarment
ODJFS Compliance Requirements

See OAC 5101:9-4-02 Standards for Acquisition (eff.1-22-10).

As noted in ODJFS' Guided Self-Assessment (GSA):

45 CFR 92.36 includes procurement requirements.

Section (d) currently authorizes the use of four procurement methods. These methods are:

- Small purchase procedures;
- Sealed bids;
- Competitive proposals; and
- Noncompetitive proposals.

The federal regulation provides specific requirements as to the circumstances under which each procurement method may be used and as to the manner in which each procurement method is applied. All procurements with federal monies are to be made in accordance with one of the four approved procedures.

OAC 5101:9-4-07 (eff. 1-30-12) also includes the procurement requirements as noted below in GSA under 45 CFR 92.36. Auditors should review these requirements for specific information on the procurement methods.

OAC 5101:9-4-07.1 (eff. 1-30-12) provides a detailed procurement methods.

Auditors should review OAC 5101:9-4-07, 5101:9-4-07.1 and 45 CFR 92.36 for further detail on the procurement methods above as well as other procurement requirements. The rule updates do not change the requirements or allowable methods of procurement, but have only been formatted to provide a better understanding of the competitive and noncompetitive process. The ODJFS Guided Self-Assessment (GSA) includes specific references for 45 CFR 92.36.

See also Procurement resources available on ODJFS BCFTA Tools website at:
http://jfs.ohio.gov/ofs/bmcs/Procurement.pdf.

PART III
L. Reporting
OMB Compliance Requirements

The following OBM Compliance Requirements on this page are for State Level testing only. However, in order for ODJFS to comply with the following, there are requirements Counties do need to follow in the next section – ODJFS Compliance Requirements.

Financial Reporting

1. SF-425, *Federal Financial Report* - Applicable to States (cash status only)
2. ACF-196, *TANF Financial Report (OMB No. 0970-0247)* – States are required to submit this report quarterly in lieu of the SF-425*, Federal Financial Report* (financial status*)*. Each State files quarterly expenditure data on the State's use of Federal TANF funds, State TANF MOE expenditures, and State expenditures of MOE funds in separate State programs. If a State is expending Federal TANF funds received in prior fiscal years, it must file a separate quarterly TANF Financial Report for each fiscal year that provides information on the expenditures of that year's TANF funds. This form must be used for reporting both regular TANF grant funds and ARRA-Emergency Fund for TANF State Programs funds.

Performance Reporting

1. ACF-199, *TANF Data Report (OMB No. 0970-0338)* and ACF-343, *Tribal TANF Data Report (OMB No. 0970-0215).*

   One of the critical areas of this reporting is the work participation data, which serve as the basis for ACF to determine whether States and tribes have met the required work participation rates. A penalty may apply for failure to meet the required rates.

   States Work Participation Rates
   State agencies must meet or exceed their minimum annual work participation rates. The minimum work participation rates are 50 percent for the overall rate and 90 percent for the two-parent rate. A State's minimum work participation rate may be reduced by its caseload reduction credit. HHS may penalize the State by an amount of up to 21 percent of the SFAG for violation of this provision (42 USC 609(a)(4); 45 CFR section 262.1(a)(4)).

   ACF-199 (TANF Data Report) Key Line Items – The following line items contain critical information for making the preceding determinations and for other program purposes. Compare the data entered on the file for the key line items below to the documentation in the case file for completeness, accuracy, and consistency:
   Section One – Family-Level Data
   Item 12 *Type of Family for Work Participation*
   Item 17 *Receives Subsidized Child Care*
   Item 28 *Is the TANF family exempt from the Federal time limit provisions*
   Section One – Person-Level Data
   Item 30 *Family Affiliation Code*
   Item 32 *Date of Birth*
   Item 38 *Relationship to Head-of-Household*
   Item 39 *Parents with a Minor Child*
   Item 44 *Number of months countable toward the Federal time limit*
   Item 48 *Work-Eligible Individual Indicator*
   Item 49 *Work Participation Status*
   Section One – Adult Work Participation Activities
   Items 50 – 62 *Work Participation Activities*
   Item 63 *Number of Deemed Core Hours for Overall Rate*
   Item 64 *Number of Deemed Core Hours for the Two-Parent Rate*
   Section Three – Active Cases

Item 8 *Total Number of Families*

2. ACF 209, *SSP-MOE Data Report (OMB No. 0970-0338)* - This report is submitted quarterly beginning with the first quarter of FFY 2000.

   Key Line Items – The following line items contain critical information:
   Section One – Family-Level Data
   Item 9 *Type of Family for Work Participation*
   Item 15 *Receives Subsidized Child Care*
   Section One – Person-Level Data
   Item 28 *Date of Birth*
   Item 34 *Relationship to Head-of-Household*
   Item 41 Work-Eligible Individual Indicator
   Item 42 *Work Participation Status*
   Section One – Adult Work Participation Activities
   Items 43 – 55 *Work Participation Activities*
   Item 56 *Number of Deemed Core Hours for Overall Rate*
   Item 57 *Number of Deemed Core Hours for the Two-Parent Rate*
   Section Three – Active Cases
   Item 3 *Total Number of SSP-MOE Families*

Special Reporting

a. ACF-204, *Annual Report including the Annual Report on State Maintenance-of-Effort Programs (OMB No. 0970-0248)* – Each State must file an annual report containing information on the TANF program and the State's MOE program(s) for that year, including strategies to implement the Family Violence Option, State diversion programs, and other program characteristics. Each State must complete the ACF-204 for each program for which the State has claimed basic MOE expenditures for the fiscal year. States may submit this report as a freestanding report or as an addendum to the fourth quarter TANF Data Report.

Key Line Items – The following ACF-204 line items contain critical information:
(1) *Program Name*
(2) *Description of Major Program Activities*
(3) *Program Purpose(s)*
(4) *Program Type*
(5) *Total State MOE Expenditures*
(6) *Number of Families Served with MOE Funds*
(7) *Eligibility Criteria*
(8) *Prior Program Authorization*
(9) *Total Program Expenditures in FY 1995*

The total MOE expenditures reported in item 5 of the ACF-204 should equal the total MOE expenditures reported in line 7, columns (B) plus (C) of the 4th quarter ACF-196 *TANF Financial Report*; or line 17, column (B) of the ACF-196-TR, *Territorial Financial Report.*

b. An OFA-100, *Emergency Fund Request Form (OMB 0970-0366)* is submitted for each quarter for which a State, territory or tribe operating a TANF program applied for and received funds under one or more of categories described below.

   <u>*Grant Related to Caseload Increases*</u>: The jurisdiction's average monthly assistance *caseload* in a quarter is higher than its average monthly assistance caseload for the corresponding quarter in the TANF Emergency Fund base year (FY 2007 or 2008, whichever year has lower average monthly assistance caseloads), and its expenditures for *basic assistance* in a quarter are higher than its expenditures for

such assistance in the corresponding quarter of the TANF Emergency Fund base year. "Basic assistance" is defined at 45 CFR sections 260.31(a)(1)-(2) for States and territories, and at 45 CFR section 286.10(a)(1) for tribes.

Grant Related to Increased Expenditures for Non-Recurrent Short-Term Benefits: The jurisdiction's expenditures for *non-recurrent short-term benefits* in a quarter are higher than its expenditures for such benefits in the corresponding quarter of the TANF Emergency Fund base year (FY 2007 or 2008, whichever year has lower non-recurrent short-term benefit expenditures). "Non-recurrent short-term benefits" are defined at 45 CFR section 260.31(b)(1) for States and territories, and at 45 CFR section 286.10(b)(1) for tribes.

Grant Related to Increased Expenditures for Subsidized Employment: The jurisdiction's expenditures for *subsidized employment* in a quarter are higher than such expenditures in the corresponding quarter of the TANF Emergency Fund base year (FY 2007 or 2008, whichever year has lower subsidized employment expenditures). Subsidized employment refers to "work subsidies," as defined at 45 CFR section 260.31(b)(2) for States and territories, and at 45 CFR section 286.10(b)(2) for tribes.

The qualifying expenditures may come from both Federal TANF funds and the jurisdiction's MOE funds. (See II, "Program Procedures - Other Considerations, Funding Methods – States and Tribes.")

TANF-ACF-PI-2009-05 and TANF-ACF-PI-2010-01 provide the OFA-100 and the revised OFA-100, as well as instructions for completion (http://www.acf.hhs.gov/programs/ofa/programs/tanf/policy).

Jurisdictions are required to update data as necessary (in accordance with OFA-100 instructions) after the September 30, 2011 deadline for final reporting if they discover an error in a previous submission. ACF will use revisions after this date to recover overpayments of emergency funds (i.e., issue deobligations), but such revisions will not result in the awarding of additional emergency funds.

Key Line Items – The following OFA-100 sections contain critical information:
Part 1, Request Quarter Data
Part 4, Base Years

PART III
L. Reporting
ODJFS Compliance Requirements

ODJFS Specific Program Requirements

OAC 5101:9-7-03 and **5101:9-7-03.1**, provide guidance on the financing, cash management, and quarterly reconciliation (including some CR 520/ 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.

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

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

D. The CDJFS reports erroneous payment collections that qualify for earnings and the Ohio department of job and family services (ODJFS) issues earnings as follows:

1.) TANF or OWF, defined as a cash benefit issued on or after October 1, 1996:
   a) The CDJFS shall deposit these TANF or OWF cash collections in the PA fund and report the collections on the CR 520/JFS 02827.
   b) The CDJFS does not report other forms of collection, including benefit reductions or state tax offsets found on report "GRP670RB" in "Control-D" on the CR 520/JFS 02827.
   c) After the close of each quarter, ODJFS multiplies the combined reported amounts from the CR 520/JFS 02827 and the "Control-D" report by twenty-five per cent.
   d) At the beginning of the federal fiscal year (FFY), ODJFS issues the calculated amount earned in the previous FFY as an allocation.
   e) The CDJFS must use earnings for recovery of erroneous ADC payments that occurred after October 1, 1996 and TANF/OWF cash assistance payments only for TANF programs.

E. In addition to collections that are eligible for earnings, the CDJFS shall also report the following erroneous payment collections as receipts on the CR 520/JFS 02827:
   1) Cancellations, collections, refunds, or other GA receipts;
   2) Collections of erroneous payments for FEA medical;
   3) Collections of ADC erroneous payments made prior to October 1, 1987;
   4) Cancellations, collections, refunds, or other child care receipts;
   5) Collections of erroneous payments of ELI funds;
   6) Collections of erroneous payments of ERI funds; and
   7) 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 CR 520/JFS 02827, on the over/under report and collect them as part of the quarterly close calculation.

(Source: ODJFS)

COUNTY LEVEL REQUIREMENTS – 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 2827 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. 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 02827 form and include the following:

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 imported into CFIS Web no later than the 10th day of the second month following the quarter the report represents

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

PART III
L. Reporting
ODJFS Compliance Requirements

The Counties are also required to include cash or benefit overpayments on the CR 520/JFS 02827. Counties retain benefit recoveries monies (incentive monies) and report quarterly on the CR 520/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.

ODJFS CR 520/ 02827 form and instructions can be found at http://jfs.ohio.gov/ofs/bcfta/TOOLS/BCFTAForms.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 CR 520/ 02827 in conjunction with other programs also reported on the Form.

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).
- *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/sites/default/files/omb/assets/a133/a133_revised_2007.pdf) 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]. Evaluation of subrecipient risk also may take into consideration the extent of Federal monitoring of subrecipient entities that also are recipients of prime Federal awards.

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)), A-102 Common Rule (§ ___.37 and § ___.40(a)) (codified in 45 CFR 92 for HHS), program legislation, 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

County Requirements

Some counties have elected to contract with outside parties to provide services for TANF recipients. Each county audit team must inquire with county management to determine if disbursements were made to subrecipients during the audit period. In some cases, the CDJFS has allowed the subrecipients to determine eligibility for services. As such, the CDJFS should stipulate within each contract the eligibility criteria. Furthermore, the CDJFS should monitor the subrecipients to ensure eligibility is properly determined and services are provided only to eligible recipients.

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.

See ORC 5108.11 Contract for county's prevention, retention, and contingency program. (eff. 9-26-03)

(A) To the extent permitted by section 307.982 of the Revised Code, a board of county commissioners may enter into a written contract with a private or government entity for the entity to do either or both of the following for the county's prevention, retention, and contingency program: (1) Certify eligibility for benefits and services that do not have a financial need eligibility requirement; (2) Accept applications and determine and verify eligibility for benefits and services that have a financial need eligibility requirement.

(B) If a board of county commissioners enters into a contract under division (A) of this section with a private or government entity, the county department of job and family services shall do all of the following: (1) Ensure that eligibility for benefits and services is certified or determined and verified in accordance with the statement of policies adopted under section 5108.04 of the Revised Code; (2) Ensure that the private or government entity maintains all records that are necessary for audits; (3) Monitor the private or government entity for compliance with Title IV-A, this chapter of the Revised Code, and the statement of policies; (4) Take actions that are necessary to recover any funds that are not spent in accordance with Title IV-A or this chapter of the Revised Code.

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/bcfta/TOOLS/TOOLS.stm .

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