



# FRANKLIN COUNTY DEPARTMENT OF JOB AND FAMILY SERVICES

Monitoring Manual

FCDJFS Monitoring Team

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## Introduction

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Thank you for partnering with Franklin County Department of Job and Family Services in serving residents of Franklin County. The Monitoring Team in partnership with Development Support Services looks forward to working with your agency to provide programs that are compliant with Federal, state and local regulations.

This manual describes the process used by FCDJFS to monitor subrecipient agencies and the subaward programs they provide. The first step is to determine the level of risk associated with granting a subaward to a subrecipient agency. The risk level is then used to determine the amount of subaward (fiscal program) monitoring to be conducted during the subaward period. For example, a high-risk agency may have 5 invoices selected for monitoring, while a low-risk agency may have 1 invoice selected. Subrecipient agency risk is reevaluated every 12 months.

This guide will be updated in the future to add the subaward (fiscal) monitoring process.

You are encouraged to contact one of our team members if you have questions.

## What's New?

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Version	Date	Author(s)	Summary of Change
1	6/15/20	LaShawn Capito Ramona Shaw Lindsey Ewing	Initial creation of document
1.1	7/15/20	LaShawn Capito	Updated Subaward (Program) Monitoring to Subaward (Fiscal) Monitoring
2	8/10/20	LaShawn Capito	Updated from 5101:9-1-88 to 5101:9-4-88 as 5101:9-1-88 is rescinded as of 8/10/20

## Definitions

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Non-federal entity – A Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

Federal fiscal year (FFY) – October 1 to September 30.

Pass-through entity – A non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program.

Subaward agreement– Also referred to as contract or program. An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award.

Subrecipient – A non-federal entity that receives federal dollars in the form of a subaward agreement from a pass-through entity (also referred to as provider or agency).

Internal control – A process implemented by subrecipient designed to provide reasonable assurance in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting for internal and external use;
- Evaluating and monitoring compliance with applicable laws and regulations.

Risk assessment – A procedure that involves the identification and analysis of relevant risks to the achievement of objectives and forming a basis for how the risks should be managed to increase the chance to successfully achieve desired goals.

Observation – Minor procedural/operational/financial issues discovered during the monitoring process. Observations will result in a recommendation.

Finding – Major procedural/operational/financial problems discovered during the monitoring process. Findings will result in either a continuous improvement plan or a corrective action.

Recommendation – Statement providing suggestions to correct observations that may help improve agency performance. Recommendations are not required to be implemented.

Continuous Improvement Plan – A sequence of actions documented by a subrecipient to explain how findings will be corrected. Failure to submit or to complete items in the Continuous Improvement Plan may lead to a corrective action being issued.

Corrective Action – Identifies a problem and outlines what is needed to satisfy the problem, in order to remain in compliance. Subrecipients have 60 days from the date of the final report to resolve corrective actions.

## Applicable Laws and Regulations

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Federal Uniform Guidance, specifically [§200.305](#), [§200.330](#), [§200.331](#), [§200.332](#) and [§200.338](#), sets forth the responsibilities and obligations for determining eligibility of subrecipients, issuance of subawards, monitoring subrecipients and applying remedies for noncompliance, when federal funds are transferred to subrecipients. The Ohio

Administrative Code provides additional guidance regarding assessing risk and monitoring of subrecipients in [OAC 5101:9-4-88](#).

As such, whenever FCDJFS issues a subaward to a subrecipient, we must assess the subrecipient’s risk level regarding managing federal funds and follow up by monitoring the subrecipient to ensure its compliance with federal and state laws and regulations. This is addressed in Article I, Section J of each subaward issued by FCDJFS as follows:

FCDJFS and the Subrecipient will, in accordance with Appendix A (Clarification of Terms) and any attached amendments to Appendix B (Proposal and Budget), and [OAC 5101:9-4-88](#), monitor the manner in which the terms of the Subaward Agreement are being carried out and evaluate the extent to which the objectives are being achieved. Any corrective action plans identified by FCDJFS or other monitoring entities must be resolved within sixty (60) days. If a Subrecipient enters into a secondary Subaward Agreement with another entity, the Subrecipient also assumes the responsibilities of a pass-through entity as set forth in [OAC 5101:9-4-88\(C\)](#) as well as the following:

Office of Management and Budget; [2 CFR Chapter I, Chapter II, Part 200](#), et al. Subpart D: Post Federal Award Requirements; Subrecipient Monitoring and Management; 200.331 Requirements for pass-through entities (d)., states, in part, that a pass-through entity shall perform the following for the Federal awards it makes:

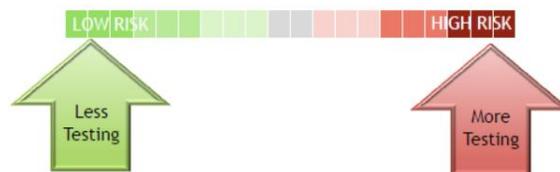
The Pass-through Entity will ensure there are proper monitoring procedures in place to provide adequate assurance that their Subrecipient has complied with the rules and regulations related to the federal programs and has met the objectives of the Subaward Agreement.

## Subrecipient Agency Monitoring

### Determining Agency Risk

Each agency must submit an agency risk assessment and internal controls questionnaire annually. The Monitoring Team will review each document to determine the agency’s risk level for the year. The amount of subaward (fiscal program) monitoring is based on the risk level of the agency, with higher risk agencies receiving the most testing.

### Risk Assessment Results



### Evaluating Agency Risk

A Monitor will review the Internal Controls Questionnaire and Agency Risk Assessment submitted by the provider and write an Initial Summary of Observations and Findings. This summary will contain potential observations and/or findings as well as any questions the Monitor would like to have answered before writing the Risk Evaluation report. Providers are given 7 business days to respond to the initial summary.

Once the Monitor receives a response to the initial summary (or after 7 business days), s/he will begin writing the Risk Evaluation report. This report is designed to let the provider know the following:

- The agency’s risk level
- If the agency’s profile and list of board members have been updated in RIO

- If there are missing policies and procedures
- Concerns identified in risk assessment, internal controls questionnaire or in the agency’s independent audit
- If there are outstanding findings from previous FCDJFS monitoring reviews

A draft version of the report is sent for provider review and feedback. Providers have 3 business days to respond before the monitor will finalize the report. If issues are corrected/addressed during the 3 days, the corrections will be noted in the final report.

If there are no findings noted in the final report, there will be no further action required of the provider. If there are continuous improvements or corrective actions, providers have sixty days to address them.

### Management Decision Letter

Providers will only receive a Management Decision Letter if there were corrective actions listed in the final report. The letter is to let the provider know if the corrective actions were addressed appropriately or not. The Management Decision Letter will be issued when we’ve received a response from the provider or after the 60 day deadline has passed.

Based upon the stated findings, FCDJFS issues the following management decision:

\_\_\_\_\_ The findings were addressed appropriately and do not pose a negative impact on future agreements with this provider.

\_\_\_\_\_ The action(s) taken by the provider still do not meet the corrective action standard and further technical assistance will be provided.

\_\_\_\_\_ The provider has not taken the appropriate steps to address the corrective actions identified within the timeframes specified by OAC 5101:9-1-88. Failure to address corrective actions may result in a negative impact on future contractual consideration with FCDJFS.

### Policies and Procedures Required by FCDJFS

A large part of evaluating agency risk is reviewing the agency’s policies and procedures. The Internal Controls Questionnaire is used to help FCDJFS determine if the agency has the correct policies and procedures in place to manage Federal subawards. The list below describes each of the policies and procedures required by FCDJFS.

Financial Statements – Provides details of how agency processes financial statements such as balance sheets, income statements, cash flows etc.

Revenues – Provides details of how agency processes revenues. Information should include sources of revenue; the way revenue is processed by the agency and how revenue is recorded.

Vendor Payables – Describes how the agency processes accounts payable. Includes details regarding invoice preparation, invoice approval process and collection process.

Procurement/Purchasing – Identifies the agency’s different procurement methods, the stages of the procurement process, the history and recordkeeping requirements, defines individuals with authority to initiate and approve actions,

outlines ethical practices (i.e. Conflict of Interest), has a written standard of conduct, and includes Cost Principles noted in 2 CFR 200.

Sales Tax – Describes the agency’s process to ensure sales tax is not charged against the Federal subaward.

Credit Cards/Debit Cards – Describes the agency’s process in allowing credit cards/debit cards for purchases.

Petty Cash – Describes the agency’s policies regarding the use of petty cash. Policy should include when petty cash can be used and the process to reconcile.

Travel – Identifies the items paid for by the agency when an employee travels for an approved reason. Items such as transportation, meals, lodging, and incidental expenses are usually listed in the policy. FCDJFS currently mileage rate is \$0.50.

Cell Phones/Mobile Devices – Provides direction on agency paid, reimbursement or the stipend process for the accounting department regarding billing purposes for cell phones/mobile devices. Agency may elect to provide usage policies.

Capital/Fixed Assets – Describes the agency’s process with respect to the types of expenditures capitalized and the values at which expenditures are capitalized.

Payroll – Describes the agency’ method of calculating and paying compensation to employees, including the payment of withholdings to third parties such as insurance and taxes

Subrecipient Monitoring – Describes the agency’s process for monitoring its subrecipients if the agency passes through part of its award to another entity.

Indirect Cost Rate – Describes the agency’s ratio between the total indirect costs and direct costs, after excluding and or reclassifying unallowable costs, and extraordinary or distorting expenditures.

Cost Allocation Methodology – Describes the agency’s process of identifying, accumulating and allocating or developing billing rates based on the allowable costs of services provided. The costs of these services may be allocated or billed to various funding resources based on agency budget and award specifications.

Document Retention & Destruction – Identifies the record retention responsibilities of staff for maintaining and documenting the storage and destruction of the agency’s documents and records. Please see subaward agreement on specifics of the storage and destruction of relevant subaward documents.

Conflict of Interest – Describes the agency’s practice for documenting real or perceived conflicts of interest regarding staff and the Board of Directors participating in discussion, reporting or voting on issues. Please see the FCDJFS subaward agreement for additional specification for conflict of interest and ethics as it pertains to the agreement.

Appropriate Use of Government Awards – (i.e.: No lobbying, food, alcohol, sales tax, etc.) – Financial policies and procedures regarding the approval and appropriate use of government awards that are outlined in the FCDJFS subaward agreement and its appendices.

Background Checks for Staff and/or Contractors – Describes the agency’s policy ensuring that all staff interacting with minor participants receive a criminal background check at least annually.

Personnel Handbook – Describes the agency’s mission, values, expectations, policies/procedures and overall guidance to agency’s staff/contractors/and volunteers.

## Subaward (Fiscal) Monitoring

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Content will be added in a future revision of the manual.