

Memorandum

To: Foster Care Agency Name
From: CPA Firm Name
Date: 9/28/2005
Re: Summary of Non-Compliance Form

The following is a summary list of non-compliance items that were not included in the S-1 because they do not represent a proposed statistical or cost adjustment on the JFS Form 02911 SCR. However, OAC 5101:2-47-26.2 requires the agency to send in a Summary of Non-Compliance form in the Single Cost Report packet turned into the Office for Children and Families. The following area of non-compliance was identified during the course of the agreed upon procedures engagement:

Issue # 1 – Conflict of Interest Policy

Condition – During our review of the agency’s policies and procedures, we were unable to locate a conflict of interest policy.

Criteria – OAC 5101:2-47-26.1 (H) (1) states in pertinent part that “Each PCSA, PCPA, or PNA, shall have a conflict of interest policy, which shall included at a minimum that the PCSA, PCPA, or PNA shall not permit funds to be paid or committed to any corporation, firm, association, or business in which any of the members of the governing body of the agency, executive personnel or their immediate families have any direct or indirect financial interest, or which any of these persons serve as an officer or employee, unless the services or goods involved are provided at a competitive cost or under terms favorable to the PCSA, PCPA, or PNA”.

Cause – The Foster Care Agency did not believe it was necessary to have a conflict of interest policy.

Effect – The omission of the policy caused the Foster Care Agency to be out of compliance with the OAC 5101:2-47-26.1 (H) (1). Furthermore, the lack of a conflict of interest policy could inadvertently cause the agency to have unallowable expenditures.

Recommendation – We recommend the agency implement a conflict of interest policy in accordance with OAC 5101:2-47-26.1 (H) (1). We further recommend the agency communicate this policy to all agency employees.