

Office of Fiscal and Monitoring Services

**To:** All CDJFS, CSEA, and PCSA Directors

**From:** Lou Tomlin-King, Assistant Deputy Director  
Monitoring Services Division, Office of Fiscal and Monitoring Services

**Date:** December 1, 2011

**Subject:** **County Monitoring Advisory Bulletin 2011-001:** Interfund Transfers from the Public Assistance Fund to the Children Services Fund or the Child Support Administrative Fund; Amendment to Section 5705.14, Revised Code.

### Background

County Monitoring Advisory Bulletin 2009-001: Interfund Cash Transactions noted that monitoring reviews of county family services agencies have resulted in the identification of a number of interfund cash transactions which may be in conflict with the requirements of Ohio law. Where interfund transactions are contrary to statute, the effects can be serious, resulting in significant monetary findings in an OMB Circular A-133 audit of the county. That bulletin was issued to clarify for county family services agency management and staff the circumstances under which interfund cash transactions are allowed.

Subsequent to the issuance of that bulletin, BMCS staff identified circumstances under which monies legally required to be paid into and expended from the Public Assistance (PA) Fund were lawfully applicable to purposes of the Children Services Fund or of the Child Support Administrative Fund, but difficulties existed in moving these monies to these Funds for lawful expenditure. For example, Title XX monies paid into the PA Fund are allowable funding under federal law for child welfare purposes. However, under Ohio law, expenditures for child welfare purposes must be made from the statutory Children Services Fund under Section 5101.144, Revised Code. The transfer of PA Fund monies to the Children Services Fund required transfer pursuant to Sections 5705.15 and 5705.16, Revised Code, including approval of the Board of County Commissioners, the Ohio Tax Commissioner and the local Court of Common Pleas.

### Legislative Change

To reduce the administrative burden on county agencies and to facilitate the use of such monies, the ODJFS proposed that the Ohio General Assembly revise Section 5705.14, Revised Code, to allow transfers from the PA Fund to either the Children Services Fund or to the Child Support Administrative Fund by simple resolution of a majority of the board of county commissioners. The requested language was included in Am. Sub. H. B. 153 and was effective October 1, 2011. Specifically, the amended statute states, in subsection (I):

(I) Money may be transferred from the public assistance fund established under section 5101.161 of the Revised Code to either of the following funds, so long as the money to be transferred from the public assistance fund may be spent for the purposes for which money in the receiving fund may be used:

(1) The children services fund established under section 5101.144 of the Revised Code;

(2) The child support enforcement administrative fund established, as authorized under rules adopted by the director of job and family services, in the county treasury for use by any county family services agency.

### **Effecting Transfers from the PA Fund to the Children Services Fund or to the Child Support Administrative Fund**

If a county wishes to transfer monies from the PA Fund to either the Children Services Fund or the Child Support Administrative Fund, the following steps are necessary:

- Identify monies in the PA Fund which are lawfully applicable under state and federal law for expenditure for the purposes of the fund to which the monies are to be transferred. Monies to be transferred to the Children Services Fund must be lawfully applicable to “purposes of meeting the expenses of providing children services,” as provided in Section 5101.144, Revised Code. Monies to be transferred to the Child Support Administrative Fund must be lawfully applicable to the purposes set forth in OAC Section 5101:9-6-83 (B).
- Prepare a resolution for the approval of the board of county commissioners, providing for a transfer from the PA Fund to the receiving fund. The resolution should be accompanied by documentation indicating the source of the monies to be transferred, the allowable uses of the monies to be transferred, and the basis for your conclusion that the monies to be transferred are lawfully applicable to the purposes of the receiving fund. These materials should be retained for review by external auditors and by ODJFS monitoring staff.

The county prosecuting attorney, as statutory legal advisor to county officials, may be able to provide you with guidance in the preparation of the necessary materials.

### **Accounting for Transferred Monies**

County agencies must be able to account in the receiving fund for the receipt, obligation, and disbursement of monies transferred into the fund, and must be able to identify at all times any unobligated or unexpended balance of the transferred monies in the receiving fund. If monies with different legal restrictions, uses, or limitations are transferred into a fund, this level of information must be maintained separately for each funding stream.

A failure to account for transferred monies as required by federal law may result in the loss of

identity and commingling of monies in the receiving funds, with possible significant federal questioned costs and possible difficulties in preparation of auditable financial statements on a county-wide level. Questions as to the detailed process for appropriately accounting for such transferred monies should be referred to your designated ODJFS Fiscal Supervisor.

### **Limitations of the Statutory Amendments**

The revised statute does not provide for the transfer of monies from the Children Services Fund or from the Child Support Administrative Fund to the PA Fund or to other funds of the county by mere resolution of the board of county commissioners. Any such transfers must be pursuant to Sections 5705.15 and 5705.16, Revised Code, including approval of the Board of County Commissioners, the Ohio Tax Commissioner and the local Court of Common Pleas.

This would include any proposed “reversal” of a completed transfer. If, for example, \$25,000 were transferred pursuant to this section from the PA Fund to the Children Services Fund, and a decision was made that \$10,000 of the \$25,000 should be transferred back to the PA Fund, the transfer to return the monies in question to the PA Fund would require approval of the Board of County Commissioners, the Ohio Tax Commissioner and the local Court of Common Pleas, pursuant to Sections 5705.15 and 5705.16, Revised Code.

This does not apply to the “Shared Cost Transfers,” which are not legally transfers, but are interfund movements of cash by operation of law. For more details on this process, see County Monitoring Advisory Bulletin 2009-001: Interfund Cash Transactions, at pages 2 and 3.

### **Questions?**

The BMCS has established a GroupWise e-mail account for questions related to technical issues. Questions about this bulletin or other matters may be submitted through the GroupWise system to BMCS\_INQUIRIES or through the Internet to [BMCS\\_INQUIRIES@jfs.ohio.gov](mailto:BMCS_INQUIRIES@jfs.ohio.gov).

This e-mail account will be checked frequently for new inquiries and we will respond to questions as quickly as possible.