



Department of
Job and Family Services

Ted Strickland, Governor

Douglas E. Lumpkin, Director

May 14, 2009

TO: Directors Sandra Stephenson, Angela Cornelius-Dawson, Dr. Alvin Jackson, Cristal Thomas, John Martin, Barbara Riley, Deborah Delisle

FROM: Michelle Horn, Deputy Director, Monitoring Services Division
Office of Fiscal and Monitoring Services

SUBJECT: Sister State Agency/enhanced FMAP (eFMAP) Stimulus Monitoring Letter Number 2009-01: American Recovery and Reinvestment Act (ARRA) Requirements; OMB Circular A-133 Guidance

As your department is preparing for the activities associated with the utilization of American Recovery and Reinvestment Act of 2009 (ARRA or the Act) funds, I am issuing this letter to convey an overview of the Office of Fiscal and Monitoring Services' (OFMS) plan to monitor the eFMAP requirements. Additional letters will be issued as further federal guidance is received.

The ARRA includes unprecedented accountability and transparency requirements with which all participating entities must agree to comply. In response to this emphasis on accountability, various federal and state agencies have indicated their intent to significantly increase oversight as to ARRA monies received by public offices in the state of Ohio. This includes:

- Bi-monthly Government Accountability Office (GAO) reviews of the use of ARRA monies by selected states and localities, including Ohio;
- Additional Auditor of State (AOS) reporting and audit requirements for all public offices receiving ARRA monies, including "interim" A-133 audit work in state and local governments.

Federal Expectations

The key features for implementation of the ARRA include:

- Management controls operating to identify and prevent wasteful spending and minimize waste, fraud, and abuse;
- Qualified personnel overseeing program activities supported with ARRA funds;
- Timely, accurate and appropriately accounting for recognition of awards of dollars;

- Appropriate recognition, accounting for and reporting of expenditures of funds; and
- Minimization of improper payments.

With the ARRA's emphasis on transparency and accountability, OFMS's current process for monitoring sister state agencies will be modified so as to appropriately address federal expectations. Monitoring of your departments' activities may include on-site visits, desk reviews or additional requests for underlying documentation to substantiate reimbursement of eFMAP.

The following points will likely be the focus of testing during our monitoring of your department:

- A. A description of monitoring processes to be implemented or amended to assure lower level subrecipients (e.g., county boards) are compliant with ARRA requirements. Specific areas to be addressed within the state agency monitoring process include:
 1. Testing to verify the subrecipient appropriately accounted for eFMAP receipts and the corresponding expenditures within their accounting system.
 2. Testing to verify expenditures which serve as the basis for reimbursement of eFMAP receipts are allowable to Medicaid and are eligible for enhanced funding (e.g., relate to specific program services).
 3. Testing to verify the expenditures associated with eFMAP funding are supported by the appropriate level of source documentation (e.g., invoices, vouchers, cancelled checks, etc.).
 4. Testing to verify that eFMAP funding remitted to lower level subrecipients was not used to increase rainy day or reserve fund amounts.
- B. A description of processes to be implemented or amended at the state agency level to assure compliance with ARRA requirements. Specific areas to be addressed include:
 1. The identification of additional or modifications to existing controls which provide assurance that subrecipients responsible for the non-federal share of Medicaid expenditures are provided the benefit of eFMAP.
 2. The identification of additional or modifications to existing internal controls which provide assurance that eFMAP funding is not used as a basis for increasing state agency rainy day funds.
 3. The identification of processes or controls which provide assurance for the effective utilization of ARRA funds including the increase or maintenance of existing expenditure levels and existing services provided under waiver or state plan programs.
 4. Development and evaluation of performance indicators which demonstrate the use and outcomes of ARRA funding.

OFMS's revised monitoring process is currently in development and will be amended as circumstances change. Our immediate focus, however, is to assess the adequacy of internal controls sister state agencies have or will place into operation regarding eFMAP funding. Within the next month a member of OFMS will be in contact with your agency to establish a meeting time to discuss controls to be implemented at the state agency level and the monitoring process to be employed regarding subrecipients. The results of the meeting will be used to assess the ability of the State of Ohio to comply with eFMAP requirements and to coordinate monitoring activities.

Throughout the ARRA grant period, we will be conducting monitoring of your departments' activities in order to satisfy the transparency and accountability requirements of the Act. As a result, additional meetings will be held to discuss the results of procedures implemented and to gather information for use in our testing. You will receive a notification of the results of our monitoring activities and recommendations for corrective action. These results of our monitoring activities will also be shared with the staff of the Office of Ohio Health Plans so that they can address technical assistance needs, as necessary.

OFMS looks forward to working with your departments. If you have any questions at this time, please contact Al Dickerson, Section Chief, at (614) 466-7950 or at Al.Dickerson@jfs.ohio.gov.