

Ohio Department of Health
Grants Administration
Policies and Procedures Manual

Chapter 100

Chapter: 100 Before Applying for an ODH Grant		Section: 100.0 – 110.0
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This Chapter provides prospective applicants the administrative policies and procedures required of ODH grants, as well as issues to consider before applying for a grant from ODH.

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100.0

Grants Management Information System

ODH uses standardized, Internet-based technology for submission approval and awarding of public health grants.

In February 2000, ODH implemented the Grants Management Information System (GMIS). **GMIS** is used by subgrantees to submit grant applications, budget revisions, programmatic reports and required financial reports during the program period. Organizations interested in applying for and administering public health grants from ODH must use this system.

100.1

System Requirements

GMIS was developed for Web based Internet submission of grant applications using Microsoft Internet Explorer. The GMIS Web site has been designed for a screen area of 800 X 600 pixels. Subgrantees with screen areas set differently may experience some problems with page and form displays. For instructions on setting the screen area, refer to your Microsoft Windows User Manual or online help. The Web sites were developed to work best with Explorer 5.01 (or higher). To access GMIS use your Internet Explorer or Netscape Navigator 4.0 (or higher) can be used.

Consult with Internet Service Providers (ISP) in your area to determine which access options are available.

In order for the online GMIS system to work properly, your browser must be set to check for newer versions of stored pages upon every visit to the page.

100.2

Security

GMIS allows subgrantees different levels of access, and specific authorities:

1. Applicant/Subgrantee
2. Enters data on all grant-related forms
3. Submits completed forms
4. Reviews only their own submitted grant information
5. Agency Director

100.3

Password

The GMIS password can be changed anytime. There is one password for your agency per grant. The password must be changed every 60 days. Be sure that everyone in your agency with GMIS access is informed of the change in the password. If you inadvertently fail to change your password and are locked out, contact your assigned Grants Administration Unit (GAU) Consultant. Passwords will only be issued by email to one of the four individual listed in application information. Because GMIS allows for multiple users access, subgrantees are encouraged to change their passwords when staff changes occur to maintain security.

To change your password:

1. Click *Change Password* on the main page's navigation bar. The Change Password page appears.
2. In the Current Password field, enter your current GMIS password.
3. In the New Password field, enter a new password. The password can be any combination of eight alphanumeric characters.
4. In the Verify Password field, enter the new password again.
5. Click [Update Password] (Note: Password is case sensitive)

The new password becomes effective immediately and must be used the next time you login.

100.4

Navigation Tips

GMIS home page is divided into two frames. The left frame contains a navigation bar that allows navigation through the GMIS Web site. The right frame contains the home page.

To scroll a frame, click and slide the vertical scroll bar along the side.

Underlined options indicate links to other pages. To access a page from the navigation bar, click on the page. To move the cursor between data entry fields:

1. Click in the field you want to access, or
2. Use the tab key to move the cursor to the next data entry field.

NOTE :

- a) The enter/return key is not user friendly in GMIS.
- b) GMIS is not designed to conduct grammar/spell checks.
- c) A red check mark indicates that the form has been completed.

100.5

GMIS Grant Application Process

1. Subgrantee logs in to the GMIS Web site (<http://gap.odh.state.oh.us>.)
2. Subgrantee enters information or updates previously entered information.
3. Subgrantee submits the completed application for review.

4. Application data is locked from subgrantee editing.
5. GMIS notifies ODH of the application submission.
6. ODH reviews the submitted forms.
7. If the grant is approved, ODH notifies the subgrantee via a NOA, and the process continues. If the grant is disapproved, ODH notifies the subgrantee via a letter and provides a justification for the disapproval.
8. The subgrantee completes and submits programmatic reports, responses to special conditions, expenditure reports and budget revisions as necessary.

100.6

Description of Username (Program Number)

A program number is assigned by ODH to each applicant/subgrantee for each grant. The program number is an unique eleven character alphanumeric that identifies the county, agency type, the number assigned to the agency type, division, program title and program fiscal year. This unique number is used to log into GMIS.

Subgrantees with multiple ODH grants will be assigned a different program number for each grant. The program number changes with each program fiscal year. **The program number appears on the NOA document and should be referenced on all grant-related correspondence and reports.**

The grant administration program number formula is as follows:

GRANTS ADMINISTRATION PROGRAM NUMBER FORMULA		
XX	X	XXX
County Code: 01-88 99+out of state	Agency Type: 1. County HD 2. City HD 3. Hospitals 4. Higher Education 5. Local Schools 6. Not for profit	Agency Number: The number assigned to agency in conjunction with Agency Type (1-999)
X	XX	XX
Division: 1= Family 2= Prevention 3= Quality 4= Adm	Program Title: Double Alpha AA= Adolescent AB= AIDS Hemophilia Etc.	Program Fiscal Year: 02= 2002 03= 2003 04= 2004, etc
Example: NUMBER 31-2-011-1-BE-02		
31 = Hamilton County 2 = City Health Department 011 = City of Cincinnati 1 = Division of Family BE = Lead Poisoning 02 = Fiscal Year		

100.7

Logging-In and Logging-Out

To access the GMIS Web site, you must login. Each subgrantee or applicant agency will be assigned a login alphanumeric username and password (normally odh) by the designated Program Consultant.

Logging-In to the GMIS Web site for the first time (each fiscal year):

1. Enter GMIS address (<http://gap.odh.state.oh.us>) in your browser's Address bar, and then press <Enter>. The User Login page appears.
2. In the Username field, enter username.
3. In the Password field, enter "odh." Thereafter, enter the unique password you create. The Change Password form appears. You must create a unique password for your agency the first time you log into GMIS.
4. In the Current Password field, enter "odh."

NOTE: Your browser may offer to remember your password so that you will not have to type it every time you access GMIS Web site's login page. GMIS does not accept "remembered" passwords. You must type your agency password every time you access GMIS. It is important to document your password in a secure place. Contact your GAU Consultant regarding any password issues.

5. Enter a new password in the New Password field. The password can be any combination of eight alphanumeric characters. The password is case sensitive.
6. Enter the new password again in the Verify Password field.

Click [Update Password]. The new password is effective immediately and must be used the next time you log in.

Logout of GMIS

To logout of GMIS, click Logout on the home page navigation bar. Your username is logged out of GMIS, immediately, and the login page appears.

100.8

GMIS Grant Application Components

1. To apply for an ODH grant the applicant must complete the online GMIS grant application, which consists of the following components:
 - a) Application Information
 - b) Assurances
 - c) Budget
 - d) Budget Certification
 - e) IRS W-9
 - f) Narrative
 - g) Signature Page
 - h) Electronic Funds Transfer
2. Submit the application.
3. Print the Signature Page and have it signed by the appropriate personnel.
4. Print (using PDF print button) and complete the Electronic Funds Transfer Authorization and the Internal Revenue Service W-9 form. Then have the forms signed by the appropriate official in blue ink.
5. The printed documents and required number copies must be postmarked by the application due date and mailed to:

**Ohio Department of Health
246 North High Street
Grants Administration
Central Master Files, 4th Floor
Columbus, Ohio 43215**

NOTE: Data can be entered, changed, and saved in the application forms during multiple online GMIS sessions. Once all the forms have been completed and approved by the authorized person(s), the entire application must be submitted electronically. The Application Information, Assurances, Budget Certification, Narrative, and Budget forms must be marked as completed (checked) on the home page.

100.9

Print and Submit the Application

Subgrantees may wish to retain a paper copy of the grant application for future reference. Print option is available at any point during the application process. GMIS Web site allows you to print the individual forms (Print button are provided on each screen) or the entire grant application at any point during the application process.

To print part or all of your grant application:

1. Click *Printing Options* on the main page's navigation bar. The Printing Options page appears.
2. Select the form you want to print. To print the entire application, click [Print Application Forms]. A printable, read-only version of the form appears.
3. In your browser's File menu, click Print. The Print dialog box appears.
4. Click [OK]. The form prints.
5. Close the window in which the read-only version of the form appears. The Printing Options page reappears.

To submit the application:

1. Click *Submit Application* on the main page's navigation bar. GMIS asks you to confirm that you want to submit your application.
2. Click [OK].
3. The Password Verification dialog box appears.
4. Enter your login password and press <Enter>.

The application is sent to ODH. Within 24 hours of receiving your application, the officials named on your Application Information form will receive e-mail confirming that ODH received your application. After considering your grant application, ODH will mail your agency a NOA indicating the approval of your grant application or a letter with the reasons for disapproval.

The status of your application will not be indicated online until after ODH has issued the NOA and first payment of grant funds. After ODH issues those two items, the status of your grant application will appear on the GMIS Web site's main page. (This main page is secure and can be seen only by users logging in with your program's username and password.)

100.10**Required Training**

All applicants applying for ODH funding must attend a scheduled GMIS training session or must demonstrate in writing prior attendance, in order to receive authorization for Internet application submission.

101.0

Allowable Costs

Allowable costs are those costs identified by the state or federal granting authority, and the expenses in budgeted categories and line items that have been approved by ODH program specific Request for Proposal (RFP). The budget categories for ODH grants are personnel, other direct, equipment, and contracts. Allowable costs include all program expenditures, whether paid by grant funds, applicant funds, or program income.

The NOA, which constitutes approval of the original program budget or a subsequently approved budget revision, is used to approve line item expenditures as allowable costs.

To be allowable, program cost must be budgeted and must:

1. Be necessary and reasonable for proper and efficient administration of the program; be allocable to the program, and not be a general expense required to carry out overall agency responsibilities;
2. Be authorized or not prohibited under state or local laws or regulations;
3. Conform with GAPP guidelines and any limitations in state or federal laws; or other limitations on types or amount of cost items;
4. Be consistent with policies, regulations and procedures that apply to other activities of the subgrantee agency;
5. Be accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances;
6. Be supported by adequate documentation;
7. Not be allocable to or included as a cost of any other state or federally funded program in either the current or a prior period; and,
8. Be net of applicable credits.

Examples of items normally considered allowable costs of include costs pertaining to accounting, advertising for recruitment of personnel and soliciting procurement bids, books and periodicals, communications, contracts for goods and services, equipment, employee salaries and fringe benefits, employee travel and per diem, exhibits, films, maintenance, medical and office supplies, printing and reproduction.

101.1

Personnel Costs

Program funds may be used to compensate employees for the time and effort devoted specifically to the execution of grant programs. Employees constitute those individuals that are entered into the subgrantee employment system, are receiving fringe benefits provided to the subgrantee employees, are eligible to participate in the subgrantee's retirement program, and are subject to subgrantee personnel

policies. Individuals who do not meet these criteria are not considered employees but are considered contractual personnel.

Compensation of employees includes all remuneration, paid currently or accrued, for services rendered during the period of performance under the grant agreement, including but not necessarily limited to wages, salaries, and supplementary payments to the extent that total compensation for individual employees is reasonable for the services rendered. Compensation must follow an appointment made in accordance with state or local government laws and rules, and meet federal merit system or other requirements, where applicable; and be determined and supported as provided in the rules governing payroll and distribution of time.

Compensation for program employees will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the subgrantee agency. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.

Compensation of employees includes employee fringe benefits. Employee fringe benefits may take the form of regular compensation paid to employees during periods of authorized absences from the job, such as annual leave, sick leave, court leave, military leave, and the like, if they are provided pursuant to an approved leave system, and the cost thereof is equitably allocated to all related employee activities including program activities. Employee fringe benefits may also be in the form of employer's contribution for items such as social security, employee life and health insurance plans, unemployment insurance coverage, workers compensation insurance, pension plans, and severance pay provided such benefits are granted under approved plans and are distributed equitably to program and non-program activities.

ODH reserves the right to disapprove the use of program funds for any specific employee fringe benefit items included in the budget request if, in ODH's opinion, the item is inconsistent with allowable cost requirements.

101.2

Other Direct Cost

Other Direct Costs are allowable costs not included in personnel costs, equipment or contract. A direct cost is cost that can be specifically identified with a particular program. Direct costs include, but are not limited to supplies and travel directly benefiting the program or activity. All costs must be identified in the budget category by individual line items.

Supplies - All tangible property purchased with grant funds other than equipment. Supplies include expendable office, medical or general supply items with a unit cost of less than \$300.

Travel costs are allowable for expenses such as transportation, lodging, subsistence, and related items incurred by subgrantee agency employees who are in travel status on official program business. The established state mileage reimbursement rate for motor vehicles includes all incidental costs, (i.e., maintenance, gas, insurance, etc., for the operation of the motor vehicle). Contractual employees are not considered subgrantee agency employees under these rules. Travel for contractual employees should be included in the contractual agreement, and budgeted and reported under the Contract category. Travel costs should be budgeted in the application and reported by classification such as in-state, out-of-state, patient, etc. Priority is given to travel that most directly benefits the program goals. Details describing the activity of each trip should be provided in the budget narrative.

Instate Travel - Costs are allowable for travel within the state for subgrantee agency employees listed as personnel on the program-approved budget.

Such costs may be charged on an actual basis, or a per diem or mileage basis in lieu of actual costs incurred, or a combination of the two provided: (a) the method used is applied to an entire trip, (b) the method used, results in charges consistent with those normally allowed in like circumstances for non-grant funded activities and (c) does not exceed the costs approved by the Director of Health and allowed by the state for exempt state employees.

If actual vehicle costs are charged to the program, vehicle cost and accounting records must be maintained and must interface with the agency's accounting records. These records serve as support documentation and assure that the program is not charged more than its share of the vehicle costs.

Out of State Travel - Costs are allowable for travel outside of the state for subgrantee employees listed as personnel on the program application and approved budget. The subgrantee should assure that unspent, unobligated funds are available for out-of-state travel in the approved program budget. In the event there is insufficient funding available in the approved budget for such travel, a budget revision may be needed. Agencies with flexibility may not need to submit a budget revision. See Chapter 300-Budget Revisions-Flexibility for the details.

Out-of-state travel must be detailed in the application narrative. ODH approval of the application budget or subsequent budget revision constitutes authorization for out-of-state trips that were specified in the narrative and budget request. Program specific travel authorization may also apply.

Normally only one subgrantee employee will be authorized to travel out of state with program funds unless justification is presented in the budget request and approved by ODH. In certain instances, ODH may call upon the person in attendance to share obtained information in related out-of-state meetings.

The subgrantee is obligated to minimize travel costs. The same cost limitations that apply to in-state travel will apply to out-of-state travel, with the exception of certain areas where actual lodging costs and actual public transportation costs may be authorized. The difference in costs between first-class air accommodations and economy class air accommodations is unallowable except when economy class air accommodations are not available.

Travel Stipends - Costs for non-subgrantee agency staff that are supporting the program (i.e., some programs have parents attend specific workshops and pay their travel costs) are allowable. In this case, the line item should be titled "Travel Stipends for Parents". The subgrantee is to maintain a copy of their Travel Stipend Policy in their respective agency for later ODH review. The agency maintains expenditure records of the stipends and reports the total in one line item. The agency records must provide the audit trail.

Patient/Client Travel -Costs of transporting patients to the site where services are provided is allowable, if patient care is an approved activity of the grant supported program or program and is necessary to meet program objectives. These are transportation costs via use of an agency van (at the approved state rate), tokens, or cost of public transportation.

101.3

Equipment Costs

Equipment is defined as any item of tangible property having a useful life of one year or more, costing \$300 or more, and which is purchased in whole or in part with program funds. Real property, such as land, buildings or improvements other than buildings, is not classified as equipment. Equipment includes, but is not limited to machinery, tools, motor vehicles, furniture and furnishings. Items that meet the definition of equipment for which early obsolescence is expected, such as films, tapes, videos, books, etc., are not classified as equipment and should be budgeted and reported as supplies under the Other Direct Cost Category.

Program funds may be approved to purchase equipment necessary to the program's operation. Program funds will not be approved to compensate a subgrantee agency for a use allowance on equipment, buildings or capital improvements.

The equipment cost to the program shall not exceed the percentage of program utilization. For example, if an equipment item is used by the program twenty-five percent (25%) of the time and by non-program activities seventy-five percent (75%) of the time, then the program shall not be charged more than twenty-five percent (25%) of the cost of the equipment. Usage records are required for equipment that is not used exclusively by the program in order to support and document the amount charged to the program. Adequate accounting records must be maintained.

All equipment must be tagged or otherwise marked as property of the ODH program, and reported on the inventory listing of the Subgrantee Final Expense Report. All equipment must be periodically inventoried (at least once every two years) by the subgrantee. The equipment inventory listing must provide a cumulative record of all equipment purchased in whole or in part with program funds for all of the grant periods (years) of the program. The ODH program unit may require the subgrantee to provide an equipment inventory during the course of the grant period and prior to submission of the Final Expense Report. Any equipment stolen, damaged or otherwise inoperative must be reported to GAU. The sale, transfer or disposal of such equipment is not permissible without prior written approval from GAU.

Chapter 300 addresses the accountability, ownership, use, transfer and disposition of personal property, including equipment. Chapter 100 addresses the retention, maintenance, and accessory to records which is applicable to equipment usage and depreciation records.

Personal Computer Configuration Standards - When ODH grant funds are used in part or whole to purchase personal computer equipment, certain program standards may need to be met. If the ODH program unit designates minimum configurations, the subgrantee must adhere to those standards. Maximum allowable costs, if designated in the budget or special conditions, must also be followed. For technical assistance regarding personal computer purchases, subgrantees should contact their designated program consultant at ODH.

101.4

Contracts

A Contract is defined as a written agreement with a person(s) or organization(s) that is not an employees of the subgrantee agency to perform services or provide goods for the program. Obtaining goods and services for program support through contractual means may be an allowable cost for program funds. For each contract the subgrantee must obtain ODH prior approval for the expenditure.

To obtain prior approval, the Contract category must include a line item for each specific contract and a Confirmation of Contractual Agreement form (CCA) must be completed. The CCA form must be completed to provide a brief description of the services to be performed under the contract and the amount budgeted for the contract. A copy of all contracts entered into by the subgrantee on behalf of the program must be kept on file for review during ODH on-site reviews. Such contracts are subject to the conditions contained in Chapter 500 – Contract Provisions.

Subgrantees **may not contract for extra compensation with its employees** to provide services to the program without prior written authorization of ODH. Consideration will only be given in the following two situations: (1) a salaried faculty member of an educational institution when the consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load; or (2) a subgrantee employee when the agency's policies permit such consulting fee payments to its own employees regardless of whether federal or state grant funds are involved, when the work involved is clearly outside the scope of the employee's salaried duties. Any request to approve such a contract must address these issues.

A personal service contract must include travel, per diem, and any other expenses necessary to fulfill the contract. All contracts entered into by the subgrantee with program funds shall contain sufficient provisions to define a sound and complete agreement. It is recommended that all subgrantee contracts be reviewed by a legal professional. Each contract must contain:

1. Names and signatures of both parties,
2. Address, social security number, and/or tax identification,
3. The effective dates of the agreement,
4. Activities and services to be performed,
5. The maximum amount of remuneration/compensation to be paid by the contracting agency under the agreement, including hourly rate and other expenses for the consultants and,
6. Administrative remedy, i.e., release clause/cancellation and appropriate remedial actions when contractors violate or breach contract terms, including the manner of termination, number of days within which parties must provide written notice of such cancellation and basis for settlement.

Contracts and subcontracts in excess of \$25,000 (\$5,000 for non-governmental agencies) shall include a provision for compliance with the Copeland "Anti-kick-back Act" (18 U.S.C.874). Any suspected or reported violations shall be reported immediately to the by the subgrantee.

All contracts and subgrants subject to the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 etseq) shall include a provision requiring the contractor to comply with the applicable sections of the Act and the Department of Labor's supplementing regulations (29 CFR Parts 5 and 1926).

Sole Source Contract - Prior approval is needed from ODH when a sole source contract is proposed, or when after seeking competition but receiving only one bid, a non-governmental subgrantee proposes to grant a contract.

Contracts and subgrants which may give rise to inventions and patents subject to Chapter 300 of this manual shall include a provision requiring compliance with this section and applicable federal regulations.

101.5

Obligations

Obligations are allowable costs that a subgrantee may be legally required to pay out of program funds. They include not only actual liabilities, but also unliquidated encumbrances. The services and/or goods for which the obligation was incurred must benefit the program year for which budgeted funds were obligated and used.

Outstanding obligations at the end of a fiscal year include accounts payable for authorized services and/or goods incurred during the funded fiscal year, such as costs for employee services during the final pay period of a fiscal year or for equipment and supplies that have been ordered and delivered during a fiscal year and will be paid for in the following year.

Only in specific circumstances may a fiscal year's funds be obligated and used to pay for goods and/or services to be received after the end of the fiscal year. In such ODH situations the subgrantee must request prior written authorization from GAU via GMIS explaining in writing how the goods and/or services benefit the program during the funded fiscal year. An example of an allowable obligation of a fiscal year's funds is a program that involves pre- and post-testing where the post-testing is necessary to assess the outcome of the interventions. Since completion of the program is dependent upon the post-testing, this obligation would be authorized. Costs of independent clinical activities would not be chargeable to the previous year's program.

101.6

Indirect Cost

Indirect cost is not an allowable line item against grant funds. For example, a line item entitled "Administrative Costs" or "Indirect Costs" on the budget would be disallowed by ODH. Costs such as rent, utilities, supplies, travel, bookkeeping services, etc. must be identified and included as separate line items under a budget category. Indirect costs apply to costs originating in the subgrantee agency for providing goods, equipment, and services necessary to support the program.

Program funds may be approved for specifically delineated indirect cost items. Such items must be accounted for and reported in accordance with a cost allocation plan as described later in this Chapter.

101.7

Cost Principles

OMB Circular A-87 is the instrument which established the standards for determining costs applicable to federal grants. These principles apply as a matter of policy to the expenditures of all grant funds at ODH. To be allowable under a grant program, costs must meet the following general criteria:

1. necessary and reasonable for proper and efficient administration of the grant program;
2. not be a general expense to carry out overall agency responsibilities;
3. conform to any limitations set forth in federal or state laws or other limitations on types or amount of cost items;
4. consistent with applicable federal and state laws, regulations, policies and procedures and other activities of the subgrantee;

5. accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstance;
6. not be allocable to or included as a cost of any other federal or state funded program in either the current or a prior period;
7. be net of all applicable credits;
8. be supported by adequate documentation.

The cost principles also dictate that subgrantee's employ sound management practices in the administration of ODH grants that they conduct grant-related activities in a manner consistent with underlying agreements, program objectives and terms and conditions of the grant.

102.0

Unallowable Costs

Generally, costs can not be considered allowable under grants from ODH unless they meet the cost principles and are prior approved either in the initial application budget or in a subsequent approved budget revision. The use of funds for prohibited purposes may result in the loss or recovery of grant funds.

Funds **may not** be used for:

1. Advancing political or religious points of view, or for fund raising or lobbying, but must be used solely for the purpose as specified in the grant announcement or Request for Proposal,
2. Disseminating factually incorrect or deceitful information,
3. Consulting fee for salaried program personnel to perform activities related to grant objectives,
4. Lobbying,
5. Alcoholic beverages,
6. Advertising-other than for recruitment, procurement, or if required by the NOA or RFP,
7. Bad debts of any kind,
8. Lump sum indirect or administrative costs,
9. Contributions to a contingency fund,
10. Entertainment,
11. Fines and penalties,
12. Membership fees -- unless related to the program and approved by ODH,
13. Interest or other financial payments,
14. Contributions made by program personnel,
15. Costs to rent equipment or space owned by the funded agency,
16. Inpatient services,
17. The purchase or improvement of land; the purchase, construction, or permanent improvement of any building,
18. Satisfying any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds,
19. Travel and meals over the current state rates,
20. All costs related to out-of-state travel, unless otherwise approved by ODH,
21. Training longer than one week in duration, unless otherwise approved by ODH,
22. Contracts, for compensation, with advisory board members,
23. Grant-related equipment costs greater than \$300, unless justified and approved by ODH, and
24. Payments to any person for influencing or attempting to influence members of Congress or the Ohio General Assembly in connection with awarding of grants.

Additionally, ODH will not approve the use of program funds for miscellaneous expenses, administrative costs, nor indirect cost on the basis of a negotiated, predetermined, fixed indirect cost rate, or negotiated lump sum overhead.

103.0

Standards for Financial Management Systems

All subgrantees are required to establish and maintain accounting systems and financial records to accurately account for program funds granted to them. These records shall include both federal funds and all matching funds of state, local, and private organizations, when applicable.

Subgrantees shall expend and account for grant funds in accordance with State of Ohio laws and procedures for expending and accounting for its funds. Subgrantees shall follow ODH financial management requirements and the financial management standards found in the appropriate CFR.

103.1

Accounting System

All accounting records must be maintained in accordance with generally accepted accounting principles as adopted by the American Institute of Certified Public Accountants (AICPA). Subgrantees are responsible for establishing and maintaining an adequate system of internal fiscal and management controls to provide full accountability for revenues, expenditures, assets, and liabilities.

The primary objective in agency accounting for subgrantee activities are to: (1) ensure that the record keeping system separately identifies the receipts, disbursements, assets, liabilities and fund balances for each grant; and (2) provide a summary of financial information that will enable the preparation of periodic reports required by the ODH. In order to ensure an acceptable and adequate accounting system:

1. The agency must maintain separate general ledger accounts for each program that receives funding. Program accounts must adequately identify the source and application of program funds. Adequate control must be established by the program director to assure that program funds are used only for budgeted line items approved by ODH and allowable by the federal or state granting authority.
2. The agency must maintain effective internal control and accountability for all program funds, equipment, and other assets. The agency must establish written procedures, which ensure internal control and require proper authorizations by designated officials for all actions to be taken. Effective internal control requires that the work of employees be subdivided so that no single employee performs a complete cycle of operations. For example, an employee handling cash would not post accounts receivable records. Agencies must adequately safeguard equipment purchased with grant funds and ensure that such items are used solely for authorized purposes.

3. If appropriate or specifically required by the ODH program unit supervising the program, subgrantees shall relate financial information to performance or productivity data, including the production of unit cost information. If unit cost data are required, estimates based on available documentation will be accepted whenever possible.
4. Subgrantee accounting records shall be supported by source documentation such as canceled checks and warrants, paid bills, payrolls, personnel time and activity records, purchase orders, travel orders and reports, motor vehicle usage and cost records, contracts and vouchers.

Full accountability requires complete documentation of expenditures including, but not limited to, signed descriptive time sheets indicating what work was performed and how it benefited the program. Invoices should include the vendor name, date and amount of purchase, description of material or service provided, and signature of a person authorized to approve program expenditures. Descriptive receipts should be obtained for all purchases and services. All documentation must be compiled in an orderly manner so that a proper matching of expenses and revenues can be performed during ODH on-site visits and/or audits.

103.2

Cash Management

Grant funds and program income must be accounted for and as such, must be managed in accordance with subgrantee procedures used in managing non-program funds. Grant funds must be used only for allowable costs. Any unspent balance must be promptly returned to ODH. It is the responsibility of the program director to maintain communication with the agency director and the chief fiscal officer to ensure that these conditions are met.

Grant funds and program income must be deposited promptly, no later than three days after the date of receipt.

103.3

Cost Allocation Plan

A cost is allocable to a subgrant program to the extent of benefits received by the program. Some costs may be shared by a subgrant program and non-program activities of the agency. When an allocation of joint costs will ultimately result in charges to grant supported programs, an allocation plan is required. This section provides policies for the allocation of joint costs to grant supported programs.

Joint costs may be charged to a grant programs in accordance with an approved cost allocation plan. The cost allocation plan must interface with the agency's accounting system and be supported by the agency's formal accounting records in order to substantiate the propriety of the charges. The agency cost allocation plan must meet the following requirements:

1. The plan should cover all joint costs of the subgrantee agency that are included in the grant-supported program. The plan should contain, at a minimum, the nature and extent of services provided and their relevance to the grant supported program; the item of expense included; and the methods to be used in distributing costs.

2. The allocation system should base the cost distribution on the type of goods or services provided in order to assure that the grant is not charged more than its fair share of the joint costs. Any method can be used that will produce an equitable distribution of cost. In selecting one method over another, consideration should be given to the additional effort required to achieve a greater degree of accuracy.
3. The following are suggested methods for distributing often used joint costs:
 - a) *Accounting services: Total dollar volume or number of transactions processed*
 - b) *Auditing: Direct audit hours*
 - c) *Data processing: Machine hours*
 - d) *Disbursing service: Number of checks or warrants issued*
 - e) *Equipment purchase, leasing or depreciation: Percent of machine usage*
 - f) *Legal services: Direct hours*
 - g) *Mail or messenger service: Number of documents handled or employees served*
 - h) *Motor pool costs: Percentage of vehicle mileage*
 - i) *Office space rental and related costs (including utilities): Square feet of space occupied or number of grant-supported program employees*
 - j) *Organization and management services: Direct hours*
 - k) *Payroll services: Number of grant-supported program employees*
 - l) *Program personnel: Direct hours*
 - m) *Personnel administration: Number of employees*
 - n) *Printing and reproduction: Direct hours, job basis, pages printed, etc.*
 - o) *Local telephone: Direct billing or number of instruments*
4. Any cost allocable to one subgrant program under these guidelines may not be shifted to other federal or state subgrant programs to overcome fund deficiencies, avoid restrictions imposed by law or grant agreements, or for other reasons.

ODH will not accept program costs based on a rate or percentage. Cost allocation plans must be maintained for review during ODH on-site reviews.

103.4

Total Cost Budgeting

Accounting for all federal funds granted by ODH shall be structured and executed on a "total program cost" basis. That is, total program costs, including federal funds, state and local match, and any other funds sources included in the approved program budget or received as program income shall be the foundation for fiscal administration and accounting. During the application process, budget and cost estimates are required for funding.

103.5

Co-mingling of Funds

Physical segregation of cash deposits or the establishment of any eligibility requirements for funds, which are provided, to a subgrantee is not required. However, the accounting systems of all subgrantees must ensure that program funds are not co-mingling with other federal funds. Each grant must be accounted for separately. Subgrantees are prohibited from co-mingling funds on either a program-by-program basis or a program-by-program basis.

Funds specifically budgeted and/or received for one program may not be used to support another. Where a subgrantee's accounting system cannot comply with this requirement, the subgrantee shall establish a system to adequately account for each program separately.

103.6

Supplanting

By signing and mailing the signature page of the application, the subgrantee is certifying to ODH that federal funds will not be used to supplant State or local funds. Federal funds must be used to supplement existing funds for program activities and not replace those funds, which have been appropriated for the same purpose. Potential supplanting will be the subject of pre-award and post-award monitoring, and audit. If there is a potential presence of supplanting, the subgrantee will be required to supply documentation demonstrating that the reduction in non-Federal resources occurred for reasons other than the receipt or expected receipt of Federal funds.

103.7

Administrative Agent

The legally recognized entity that acts as the subgrantee for receipt of ODH funding is required to comply with and implement the procedures to ensure compliance during the administration of ODH grants (may also be locally named "fiscal agent").

Any program policies that authorize the use of an Administrative Agent will include the following information in the RFP:

1. An Administrative Agent as recipient of any ODH grant is considered the subgrantee agency and must comply with all GAPP Policy sections and requirements.
2. Any organization or entity that is required to use an Administrative Agent to be eligible to receive ODH grant funding must identify that administrative agent to ODH in writing.
3. An identified Administration Agent must serve the complete grant program budget period.
4. According to Section 121.37 of the Ohio Revised, programs involved in the Family and Children First Initiative must adhere to the rules and regulations as outlined. Emphasis is placed on Section B (4) (a) pertaining to Administrative agents.

103.8

Applicant Responsibilities

Each applicant is required to submit its application, expenditure reports, program narratives, budget revision requests, and inventory reports in a complete and timely manner according to the applicable federal and state laws, regulations and GAPP policies. The applicant is required to comply with the conditions of the grant. The applicant is required to notify the designated program consultant of any significant changes in the scope or staffing of the program. The applicant is required to maintain current, accurate and complete records of its program revenues, expenditures, obligations and equipment. Questions or problems concerning the grant should be directed to your designated program consultant.

1. Reviewing Financial Operations – ODH may periodically monitor subgrantee’s financial operations, records, systems and procedures. Particular attention will be directed to the maintenance of current financial data.
2. Recording Financial Activities – The applicant’s grant or contract obligation, as well as cash advances and other financial activities will be recorded by ODH in summary form. Expenditures will be recorded by ODH based on reports filed by the subgrantee. Non-Federal contributions applied to programs by subgrantees will likewise be recorded, as will any program income resulting from program operations.
3. Budgeting and Budget Review – The detail of each program budget will be maintained on file by the subgrantee and ODH.
4. Accounting for Non-Federal Contributions – Applicants will ensure that the requirements, limitations, and regulations pertinent to non-federal contributions are applied.
5. Audit Requirements – Applicants must meet audit requirements outlined in Chapter 100.
6. Reporting Irregularities – Applicants are responsible for promptly notifying ODH of any actual or proposed illegal acts or irregularities. Illegal acts and irregularities include conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets.
7. Debarred and Suspended Organizations – ODH and Applicants will not grant or permit any grant at any level to any party which is debarred or suspended from participation in Federal assistance programs. For details regarding debarment and suspension see Chapter 500.
8. Bonding – Applicants may be required to secure adequate fidelity bond coverage in the amount of the grant to protect ODH’s interest. The fidelity bonds shall be obtained from companies holding certificates of authority as acceptable sureties as listed in the current U.S. Department of the Treasury (www.treas.gov.)

Where the conduct of a program or one of its components is delegated by a contract with another agency, the subgrantee shall be responsible for all aspects of the program including proper accounting and financial record keeping. Responsibilities include the accounting for receipts and expenditures, cash management, maintaining adequate financial records, and refunding expenditures disallowed by audits.

104.0

Local Health Districts Improvement Standards

The current Public Health Standards, Ohio Administrative Code 3701-36 (reference Ohio Revised Code 3701.342, 3701.343), became effective in 1984. The Chapter provides requirements in the form of minimum standards that local health districts must meet to be eligible for state health district subsidy funds and of optimal standards with which districts must comply to receive additional subsidy monies. For the most part, these standards are process oriented.

As part of the Ohio Public Health Plan (1997), an ODH and local health department partnership effort was formed to establish new performance standards reflecting a continuous quality improvement process for local health districts. The proposed standards have incorporated national trends and philosophies, including the Ten Essential Public Health Services, the CDC National Public Health Performance Standards, and elements from the current Ohio Public Health Standards. The proposed six goals and their respective standards are expected to provide a continuous quality improvement approach that will increase the readiness and effectiveness of the public health system within and across the jurisdictions. Each local health district will receive subsidy based on their timely completion of required applications, the reporting of progress with the proposed standards, and the periodic (every few years) completion of the CDC Performance Standards on-line tool for assessing the local public health system.

ODH program administrators will identify the Local Health Districts Improvement Standard(s) that will be addressed by the grant activities. The Local Health Districts Improvement Standards are available on the ODH web-site <http://www.odh.state.oh.us>. (click on "What's New", then "Special Announcements" and then "Local Health Departments Performance Standards Workgroup Information"; click the link "Local Health District Improvement Goals/Standards/Measures.")

104.1

Public Health Impact Statement

All applicants that are not local health districts must communicate with local health districts regarding the impact of the proposed grant activities on the Local Health Districts Improvement Standards.

Applicants are required to submit a summary of the program to local health districts prior to submitting the grant application to ODH. The program summary, not to exceed one page, must include:

1. The Local Health District Improvement Standard(s) to be addressed by grant activities,
2. A description of the target population to be served,

3. A summary of the services to be provided or activities to be conducted, and
4. A plan to coordinate and share information with appropriate local health districts.

The applicant must submit the above summary as part of their grant application to ODH. This will document that a written summary of the proposed activities was provided to the local health districts with a request for their support and/or comment about the activities as they relate to the Local Health Districts Improvement Standards.

Include with the grant application a statement of support from the local health districts, if available. If a statement of support from the local health districts is not obtained, indicate that when the program summary is submitted with the grant application. If an applicant has a regional and/or statewide focus, a statement of support must be submitted from at least one local health district, if available.

105.0

Reporting Requirements

Subgrantees are required to submit program performance reports and financial status reports for each grant. The reports must adhere to the ODH, GAPP manual as outlined in Section 300. Reports must be received before the Department will release any additional funds. Submit reports as follows.

1. Program Reports: All program reports must clearly identify the authorized program name and grant program number. The original and one copy must be submitted to the ODH, Grants Administration, Central Master Files (or via GMIS upon ODH full implementation of the program reporting module.) The performance reports are to be submitted as indicated in the RFP and NOA. The report should identify programmatic activities accomplished in the format required by the program.
2. Financial Reports: Subgrantee Program Expenditure Reports **must** be completed, reporting funds received, disbursed or obligated and submitted **via the Internet** within 15 calendar days following the end of the reporting period. Due dates can be found in the RFP, Application Guidance section. The report must correspond with the subgrantee's accounting records and supporting documentation. The expenditures and revenues must be on the same accounting basis (i.e., cash or accrual) as the agency's accounting system. A change in the accounting basis must be approved by ODH.
3. Final Expense Reports: Subgrantee Final Expense Reports reflecting total expenditures for the program period must be completed and submitted **via the Internet** within 45 days after the end of the grant year. The information contained in this report must reflect the program accounting records and supporting documentation. Any cash balances must be returned to ODH with the Final Expense Report. See Chapter 400.
4. Inventory Report: A listing of all equipment purchased in whole or in part with **current** grant funds (Equipment Section of the approved budget) must be sent to ODH **via the Internet** as part of the Subgrantee Final Expense Report. At least once every two years, inventory must be physically inspected by the subgrantee. Equipment purchased with ODH grant funds must be tagged as property of ODH for inventory control. Such equipment may be required to be returned to ODH at the end of the grant program period. See Chapter 300 for details regarding equipment.

If a subgrantee has not complied with the GAPP rules related to timely submission of required ODH reports, they may be deemed as non-compliant and the processing of payments may be suspended until all outstanding reports are received and approved.

106.0

Records Retention

All financial records, supporting documents, statistical records, and all other pertinent records shall be retained by the subgrantee for at least three years following the grant closure or closure of the most recent audit report. Retention is required for purposes of examination and audit. Records may be retained in an automated format.

1. **Coverage:** All program and financial records, supporting documents, statistical records, and other records that are required to be maintained by the terms of the grant or are otherwise considered pertinent to the grant must be retained by the subgrantee. The retention requirement extends to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, canceled checks, and related documents and records. Source documents include copies of all grants, applications, and required subgrantee financial and narrative reports. Personnel and payroll records shall include the time and attendance reports for all individuals reimbursed under the grant, whether they are employed full-time or part-time. Time and expense reports are also required for consultants.
2. **Retention Period:** The three-year retention period starts on the submission date of the "final" closeout report is approved by ODH except in the following situations: Any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period. The records must be retained three years after the completion of the action and resolution of all issues which arise from it.
3. **Maintenance of Records:** Subgrantees are expected to see that records of different fiscal periods are separately identified and maintained so that information desired may be readily located. Subgrantees are also obligated to protect records adequately against fire or other damage. When records are stored away from the subgrantee's principal office, a written index of the location of records stored should be on hand and ready access should be assured.

In order to avoid duplicate record keeping, ODH may make special arrangements with the subgrantee to retain records which are needed for joint use. ODH will request transfer of the records to its custody when it determines that the records possess long-term retention value. When the records are transferred, to or maintained by, ODH, the three-year retention requirement is not applicable to the subgrantee.

106.1

Access to Records

ODH, the applicable federal agency, or any of their authorized representatives, shall have the right to access any books, documents, papers or other records, including those of the program contractor(s) in order to examine, audit, transcribe and copy any or all material. The right of access must not be limited to the required retention period but shall last as long as the records are retained. All subgrantees shall comply with the Ohio Public Records Law, ORC 149.43 and the Federal Freedom of Information Act.

The Freedom of Information Act and the associated Public Information Regulations of the U. S. Department of Health and Human Services require the release of certain information regarding grants requested by any member of the public. The intended use of the information will not be a criterion for release. Grant applications and grant-related reports are generally available for inspection and copying, except that information considered to be an unwarranted invasion of personal privacy will not be disclosed.

Public access to program records is to be determined by applicable federal, state and local regulations governing "Freedom of Information" and "Privacy." Should the subgrantee have any questions regarding this matter, they may contact the GAU.

107.0

Civil Rights Requirements

The policy of ODH is to ensure that ALL people have equal access to our programs and are not treated differently because of race, color, national origin, age, sex (including sexual harassment), disability or veteran status.

Acceptance of grant funds from the ODH constitutes an agreement that the subgrantee agency and its contractors comply with Title VI/Title VII of the 1964 Civil Rights Act, and any amendments thereto, which prohibits discrimination because of race, sex, national origin, age, or color; and with Section 504 of the 1973 Rehabilitation Act, and any amendments thereto, which prohibits discrimination in any facet of the agency's operation due to handicap, and with 1967 Age Discrimination in Employment Act and the 1990 Americans With Disabilities Act.

The subgrantee agency, its contractors and its sub-contractors must adopt and implement personnel management policies and procedures that meet the guidelines of the Civil Rights Act and the Rehabilitation Act, and provide to the ODH, upon request, data, statistics, and other information not prohibited by law to enable ODH to ascertain compliance.

107.1

Summary of Major Laws

FEDERAL STATUTES

1. **The Civil Rights Act of 1866** – “All persons within the jurisdiction of the United States shall have the same right in every state and territory to make and enforce contracts, be sued, be parties, give evidence, and to the full and equal benefit of all laws and proceedings for the security of persons and property as is enjoyed by white citizens, and shall be subject to like punishment, pains, penalties, taxes, licenses, and exaction's of every kind, and to others.”
2. **The Civil Rights Act of 1871** – “every person who, under color of any statute, ordinance, regulation, custom, or usage, or any state or territory subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress.
3. **The Equal Pay Act of 1963** – Requires that individuals must receive equal pay for equal work regardless of sex. The federal enforcement agency is the Equal Employment Opportunity Commission.
4. **Title VI of the Civil Rights Act of 1964** – Forbids that anyone be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination on the basis of race, color, and national origin through expenditure of federal monies. Title VI is enforced by the appropriate federal grantor.

5. **Title VII of the Civil Rights Act of 1964** (as amended) – Forbids employment discrimination on the basis of race, color, religion, sex (including sexual harassment), and national origin. The federal agency is the Equal Employment Opportunity Commission.
6. **The Age Discrimination in Employment Act of 1967** (as amended) – Generally forbids discrimination in employment on the basis of age (40 years or more). The federal enforcement agency is the Equal Employment Opportunity Commission.
7. **The Rehabilitation Act of 1973** – Requires that governmental agencies receiving federal monies be non-discriminatory toward the disabled. The pertinent section is enforced by guidelines of the respective federal grantors.
8. **The Americans with Disabilities Act of 1990** – Incorporates portions of the Rehabilitation Act of 1973, but forbids employment discrimination for the disabled whether or not the employer receives Federal funds. Enforcement is by the Equal Employment Opportunity Commission, the Attorney General, and the Office of Federal Contract Compliance Programs.
9. **The Civil Rights Act of 1991** – Expands the Civil Rights Act of 1866, provides compensatory punitive damages for sex, religion, national origin and disability discrimination, makes easier proof of disparate impact, bans use of differential test scores, makes illegal mixed-motive employment decision, makes it possible to grant expert fees to prevailing parties in civil rights lawsuits, expands time limits for challenging seniority systems, extends job bias protections to senate, house and presidential employees as well as those working for state and local government officials, establishes Technical Assistance Training Institute for the Equal Employment Opportunity Commission, and creates a Glass Ceiling Commission to study and make recommendations concerning upward mobility.

FEDERAL PRESIDENTIAL ORDER

1. **Executive Order 11246** – Covers all employers with government contracts of more than \$10,000. The order applies to contractors and subcontractors on construction programs financed in whole or in part by federal funds. Requirements are: a non-discrimination clause in every contract regarding race, color, religion, sex, or national origin. In addition, the subsequent Revised Order No. 4 requires such contractors and subcontractors with 50 or more employees and a contract of \$50,000 or more to develop and implement an affirmative action plan. The enforcement agency is the Office of Federal Contract Compliance Programs (OFCCP).

STATE OF OHIO REQUIREMENTS

1. **Section 4112 of the Ohio Revised Code** – Forbids employment discrimination on the basis of race, color, religion, sex (including sexual harassment), ancestry, national origin, disability, and age (40 or more years). The state enforcement agency is the Ohio Civil Rights Commission.
2. **The Administration Rule of the Director of the Ohio Department of Administration Services and Gubernatorial Executive Orders** – Forbids employment discrimination within state agencies on the basis of race, color, religion, sex (including sexual harassment), national origin, disability, age (40 years or more), and veteran status (Vietnam Era, Disabled, or Desert

Storm/Shield). The enforcement is by the Ohio Department of Administration Services' Equal Opportunity Division.

3. **Governor's Executive Order 99-25T** – Defines the State of Ohio's stance on Equal Employment Opportunity (EEO) for all state employees and applicants.

107.2

Subgrantee Civil Rights Responsibilities

The EEO monitors and ensures compliance of all ODH subgrantees through on-site reviews and technical assistance. During the on-site review, the information obtained from ODH Civil Rights Review Questionnaire is verified. The questionnaire consists of three parts: Affirmative Action Plans, Personnel Policies and Procedures. Statistical data regarding staff makeup and client services are evaluated along with Building and Site accessibility.

Subgrantees must maintain written plans, policies and procedures to ensure compliance with all Federal, State and Local rules and regulations related to the Civil Rights Act and must ensure prompt corrective action to eliminate disparities, findings of discrimination, and/or deficiencies cited during an ODH compliance review.

All subgrantees must have a Civil Rights Review Questionnaire (CRRQ) on file with the EEO office at the address listed below (or via GMIS upon ODH full implementation of the EEO reporting module.) ODH requires re-certification of the CRRQ every two years for active subgrantees. The subgrantee is responsible for notifying ODH of any major changes to the agency's compliance areas within the two-year period. Failure to do so may result in the subgrantee agency being deemed non-compliant.

Questions should be directed to Ohio Department of Health, 246 North High Street, Grants Administration, Central Master Files, 4th Floor, Attn: EEO Chief, Columbus, Ohio 43215, (614) 752-4935 office or (614) 564-2463 fax.

108.0

Independent Audit

This section contains the requirements and uniform procedures for subgrantee independent audits.

108.1

Independent Audit Scope

An independent audit is the inspection of the accounting records and procedures of the subgrantee by a qualified accountant or accounting firm for the purpose of verifying the accuracy and completeness of the subgrantee's records.

Periodic independent audits are required of all subgrant programs supported in whole or in part with state or federal funds. The audits are required annually, unless an election is made to have a financial or program specific audit performed every two years. A two year audit must cover both years.

108.2

Subgrantee Responsibilities

The subgrantee is responsible for complying with the audit requirements. Such audits must be coordinated through ODH and must be conducted in accordance with the **Generally Accepted Governmental Auditing Standards (hereafter called GAGAS) and the Single Audit Act of 1984 and amended in 1996; Office of Management & Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, issued June 30, 1997;** these manual guidelines; and any other pertinent rules and regulations.

Audits must be conducted by independent auditors qualified by the **Government Auditing Standards**. These include certified public accountants, certified public accounting firms, public accountants and public accounting firms licensed on or prior to December 31, 1970, the Auditor of State and appropriate federal audit agencies. The auditors and audit organizations must be totally independent of the subgrantee being audited as directed by the **Government Auditing Standards**.

The Auditor of State may conduct financial, program specific and single audits as part of the total audit of a governmental subgrantee, however, will not normally audit non-governmental entities. The subgrantee should consult with GAU prior to contracting for an audit and provide an audit schedule when it becomes available. ODH and the Auditor of State reserves the right to participate in an audit conducted by non-governmental individuals or organizations, review audit work papers and attend the exit conference.

The single audit concept is required for ODH subgrantees receiving federal funds. The audits must comply with the requirements of the OMB Circulars. The cost of

subgrantee audits in accordance with the provisions of the federal Single Audit Act may be allowable in the subgrantee's grant(s) if such costs are budgeted, allocated, approved by ODH and the subgrantee's annual aggregate expenditure of federal funds equals or exceeds \$300,000. The single audit concept, in which the audit is conducted on an organizational wide basis, is outlined in OMB Circular A-133 amended June, 1997 for governmental and non governmental agencies.

The auditor's work papers are to be made available to ODH, the Auditor of State, and appropriate federal audit agencies, and shall be retained for three years from the date of the audit report. ODH, the Auditor of State, and the respective federal audit agencies reserve the right to retest all or part of the audit conducted by non-governmental auditors.

108.3

Subgrantee Independent Audit Requirements

1. Subgrantees which expend federal funds in an annual aggregate total of \$300,000 or more require:
 - a. An audit in accordance with the Single Audit Act by an independent auditor. Reference OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, issued June 30, 1997.
 - b. Audit costs may be allowable if budgeted, allocated and approved by ODH.
 - c. Audit must be completed no later than 9 months after the end of the subgrantee's fiscal year.
 - d. ODH Audit Unit will conduct a desk review of the audit report. The desk review will: a) identify the type of audit, b) verify the ODH grants listed on the Schedule of Federal Financial Assistance if a single audit, c) identify audit findings relating to ODH federal grants, d) notify subgrantee of any findings identified e) ensure that the subgrantee has an action plan for the audit findings or a reason why the corrective action is not required, f) issue a report to ODH management identifying audit findings relating to ODH grants that will require ODH management follow-up, g) determine if departmental records need adjusted, h) and monitor future audit reports to ensure that the action plan has been implemented.
2. Subgrantees which expend federal funds in an annual aggregate total of less than \$300,000 require:
 - a) A financial audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS),
 - b) Audit costs are not allowable,
 - c) Audit must be completed no later than 9 months after the end of the subgrantee's fiscal year, and
 - d) ODH Audit Unit will conduct a desk review of the audit report. The desk review will: 1) identify the type of audit, 2) identify audit findings relating to ODH grants, 3) notify the subgrantee of any findings identified 4) ensure that

the subgrantee has an action plan for the audit findings or a reason why corrective action is not required, 5) issue a report to ODH management identifying audit findings relating to ODH grants that will require ODH management follow-up, 6) determine if departmental records need adjusted, 7) and monitor future audit reports to ensure that the action plan has been implemented.

3. Subgrantee must submit a single audit report in accordance with OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, issued June 30, 1997, the report must include:
 - a) The financial statements (subgrantee's responsibility to provide),
 - b) A schedule of expenditures of Federal awards (subgrantee's responsibility to provide),
 - c) Auditor's opinions on the fair presentation of financial statements and schedule of expenditures of Federal awards,
 - d) Auditor's report on internal control and compliance pertaining to financial reporting,
 - e) Auditor's report on internal control and opinion on compliance pertaining to major programs,
 - f) Auditor's schedule of findings and questioned costs,
 - g) Subgrantee's corrective action plans, and
 - h) A summary schedule of prior audit findings which includes planned and completed corrective actions (subgrantee's responsibility to provide).
4. Subgrantee is responsible for submitting a report that meets OMB A-133 requirements and a copy of the auditor's management letter within 30 days of receipt of the auditor's report, but no later than 9 months after the end of the subgrantee's fiscal year. Additionally, if the report contains no findings, ODH requires subgrantee's to still submit a complete copy for review. The audit report, management letter and other applicable information should be mailed to:

**Ohio Department of Health
246 North High Street
Grants Administration
Central Master Files, 4th Floor
Columbus, Ohio 43215**

109.0

Internal Monitoring

ODH is responsible for monitoring the activities of current subgrantees to ensure that federal and state funds are used for authorized purposes in compliance with federal and state program laws, regulations, and GAPP.

Monitoring activities may take various forms:

1. Reviewing reports submitted by the subgrantee,
2. Performing site visits to the subgrantee to review financial and programmatic records,
3. Observe operations,
4. Arranging for agreed upon procedures engagements for certain aspects of subgrantee activities, such as eligibility determinations,
5. Reviewing the subgrantee's single audit or program specific audit results and
6. Evaluating audit findings and the subgrantees corrective action plan.

The Department is concerned with measuring the degree to which the program objectives stated in the RFP or contract is achieved. Monitoring is the systematic observation, assessment, and reporting of performance, conducted by ODH in its attempt to determine program's efficiency and delivery of services.

Factors such as the size of grants, percentage of the total program's funds granted to a subgrantee and the complexity of the compliance requirements may influence the extent of monitoring procedures.

109.1

On-Site Team Reviews

The Department of Health's Audit Unit will be responsible for conducting on-site fiscal reviews of the department's subgrants.

Actions that may require an on-site fiscal review include:

1. Non-compliance issues with an ODH subgrantee identified during a current subgrant period.
2. Non-compliance issues with an ODH subgrantee identified in the subgrantee's audit report.
3. Subgrantees identified by the department as high risk.
4. Subgrantees identified by the Audit Unit based on a subgrantee internal control assessment, audit report findings and the department's subgrantee records to determine high to low risk subgrantees.

5. Subgrantee fiscal years that began on or after July 1, 1996 who expend less than \$300,000 in federal funds.
6. For subgrantee fiscal years that ended on or before June 30, 1996 and received less than \$25,000 in federal funds.
7. A subgrantee that is going out of business.
8. A new subgrantee prior to the Department issuing a new subgrantee a Notice of Grant.

An On-Site Fiscal Review is a review of the ODH subgrantee's subgrant transactions beginning with the department's RFP process through the final annual reconciliation expenditure report and the subgrantee's audit report. The review may include a review of the subgrantee's current audit report, a review of ODH Grants Administration Records, identify ODH subgrants with the subgrantee, meet with ODH program staff and GAU staff to discuss any pending issues, compliance with special conditions and administrative requirements, reconcile subgrantee's subgrant fiscal records with the expenditure reports submitted to the department, test subgrantee transactions for allowability, verify subgrant cash balances, verify equipment inventory, verify that the subgrantee records are being maintained per the record retention schedules, determine if the department's records need to be adjusted, prepare a review report identifying review findings and recommendations for ODH management follow-up, and monitoring any implementations of the recommendations.

109.2

Audit Responsibilities

The Audit Unit responsibilities include:

1. Conducting a desk review of the subgrantee's audit reports in accordance with the Single Audit Act. Issues a report to ODH Management for follow-up to ODH subgrants and,
2. Serve as lead for all On-Site Team Review of subgrantee programs as necessary. Coordinate the issuance of a review report with reportable conditions and recommendations for ODH management follow-up.

The Grants Administration Unit responsibilities include:

1. Review the Audit Unit's Single Audit Desk Review Report and issue a follow up communication to the subgrantee that will summarize the single audit desk review report detailing any findings for financial adjustments, findings for recovery, and recommendations and consequences for noncompliance and,
2. Participate in the On-Site Team Review.

The Subgrantee Compliance Committee responsibilities include:

1. To monitor Subgrantee and ODH compliance with GAPP policy, and
2. To make recommendation to the Director regarding internal and external request to operate outside of GAPP Policy.

109.3

Appeals

The subgrantee will have a specific time limit of thirty (30) calendar days, from receipt in which to appeal the audit the independent audit summary statement or the on-site team review report. A request to extend the deadline for filing the appeal should be submitted in writing, detailing the reason for the request and indicating the desired time extension. The appeal and the request for extension should be sent to the GAU. Failure to appeal within the allowed time constitutes an acceptance of the audit summary statement or the on-site team report.

The independent audit or on-site team report appeal should clearly address the points of contention, basis of the appeal, supporting documentation, and corrective actions taken. A final decision will be issued within thirty (30) calendar days of the appeal review.

110.0

Conflict of Interest

All subgrantee officials and personnel must adhere to the following requirements:

Advice:

No subgrantee official or employee shall participate personally in any activities of the grant in which that individual holds any personal financial interest. Those that hold personal financial interests that could benefit personally can not participate in any action affecting the work under the grant.

Individuals with or who acquire a personal financial interest must immediately disclose the interest to ODH in writing.

Appearance:

Subgrantee officials and employees shall avoid any action that might result in or create the appearance of:

1. Using individual position for private gain
2. Giving preferential treatment to any person
3. Losing complete independence or impartiality
4. Making an official decision outside official channels
5. Adversely affecting the confidence of the public in the integrity of the program

All officials and employees should be aware of any requirements in State Ethics Law or The Ohio Revised Code.