

2019 NOV 27 PM 2:59

November 27, 2019

Inspector General Randall J. Meyer
Office of the Inspector General
30 East Broad Street, Suite 2940
Columbus, Ohio 43215

**Re: File ID No. 2018 – CA00008
Response to Report of Investigation Issued October 1, 2019**

Dear Inspector General Meyer:

The Ohio Bureau of Workers' Compensation (OBWC) has completed its review of your office's recommendations contained in the above-referenced report. I respectfully submit this response to you regarding the recommendations outlined in the report.

Finding 2 Recommendations:

1. Consider amending current and future grant agreements to incorporate a requirement that grant recipients are required to provide OBWC with periodic fiscal reports and a final expenditure report documenting how funds were expended.

Response: In future grant agreements, OBWC will require grant recipients provide quarterly fiscal reports and a final expenditure report. The future agreements will specify these reports should be categorized in the same way as the budget plan the grant recipient was required to submit (i.e., personnel, equipment, travel, etc.). OBWC will use the final expenditure report to determine the amount of the final payment.

Section 23 of the existing research grant agreement requires grant recipients to keep fiscal records and provide these to OBWC upon request. Therefore, OBWC will use this authority to request that existing grant recipients provide final expenditure reports.

2. Consider upon receipt of the final expenditure report, reconciling the total payments issued with the amount spent for research to ensure all funds were either spent for research or returned to OBWC.

Response: Going forward, OBWC will reconcile the total payments issued with the final expenditure report to ensure all funds were either spent for research or returned to OBWC. If a discrepancy is found during the reconciliation, OBWC will work with the grant recipient to resolve it, including asking funds to be returned to OBWC if necessary.

3. Consider conducting periodic desk or on-site reviews to evaluate the documentation maintained to support the expenditures of grant funds.

Response: Going forward, OBWC will conduct desk or on-site reviews of all active grants annually to evaluate the documentation maintained to support the expenditures of grant funds. These will be conducted by OBWC selecting a sample of the records to evaluate in detail. Section 23 of the research grant agreement gives OBWC the authority to conduct these types of reviews, so no contractual changes should be necessary to existing agreements.

4. Consider disseminating noncompliance issues or unallowable costs identified during desk or on-site reviews to all grant recipients to minimize the likelihood of similar issues occurring with other grantees.

Response: OBWC will inform each grant recipient of the results of its desk or on-site review. OBWC will disseminate noncompliance issues or unallowable costs identified during the desk or on-site reviews by posting them periodically to the Research Program page of the OBWC website at bwc.ohio.gov and including them with the application guidelines for future grant applicants. Information included will describe the general issues discovered without identifying any individual projects or institutions. OBWC will send an email to current grant recipients instructing them to check the website for this information. OBWC will include a requirement in future grant agreements requiring that grant recipients review the website at least quarterly.

Finding 3 Recommendations:

1. Instead of the current payment system, consider the benefits of revising future grant agreements to issue a payment at the start of the grant agreement for a predetermined percentage and then require the grant recipients to submit financial activity reports to receive reimbursement of expenses incurred while conducting the research.

Response: OBWC will change the way the payments are structured in future grant agreements. OBWC will issue a payment for a predetermined percentage (e.g., 40%) at the start of the grant agreement and require the recipient to submit periodic fiscal reports (financial activity reports) and invoices quarterly to receive reimbursement of approved expenses.

2. Require all grant recipients to create and submit their own invoices when they have met the grant conditions to receive payment.

Response: Going forward, OBWC will require the grant recipients to invoice OBWC once they have met the grant conditions to receive payment.

3. Consider the benefits of issuing payments using electronic funds transfer to ensure payments are sent to the correct location.

Response: Going forward, OBWC will recommend that recipients use electronic funds transfer to ensure payments are sent to the correct location. Requiring invoices from the recipients as specified previously should also help ensure that payments are sent to the correct location.

Finding 4 Recommendations:

1. Consider the benefits of expanding progress monitoring to include conducting periodic evaluations of the grant program to determine whether the grant awards, grant amounts, and requirements are achieving the objectives of the research program.

Response: Going forward, OBWC will conduct biennial progress monitoring that will include evaluations of the grant program to determine whether the grant awards, grant amounts, and requirements are achieving the objectives of the research program.

2. Consider the benefits of implementing a process documenting the steps to be taken if it is found that the research project is not on track to be completed. (e.g., increased progress reporting, additional site visits, conference calls)

Response: BWC will implement a process documenting the steps to be taken if a research project is not on track and will include a description of the process in the grants manual to be developed. These steps will include increased progress reporting and additional conference calls or site visits as may be necessary on a case-by-case basis.

Finding 5 Recommendations

1. Consider the benefits of developing a research program grants manual which provides grant recipients' employees and OBWC employees involved in the research grants with detailed explanations of specific grant requirements related to key processes.

Response: OBWC will develop a research program grants manual providing explanations of grant requirements and will publish this on the Research Program page of the OBWC website at bwc.ohio.gov before the end of FY20. This manual will complement the information found in the current application guidelines and will give explanations of specific grant requirements related to key processes, such as describing quarterly reporting and fiscal requirements and the steps that will be taken if a research project is not on track.

2. Consider developing and implementing a records management system or process to store records received from, correspondence with, approvals given, and payments issued for

each grant recipient so that these records are all stored in the same place and can be easily located.

Response: In September 2019, OBWC's IT division mapped the process used by the Research Grant program as the first step in developing and implementing a records management system. Requirements for the system include the capability to store records and correspondence and track approvals and payments issued for each grant recipient.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie B. McCloud". The signature is written in black ink and is positioned above the printed name.

Stephanie B. McCloud
BWC Administrator/CEO