



November 23, 2011

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

Re: IG File ID No. 2010-338

Dear Mr. Meyer:

The Ohio Department of Development (Development) received your report regarding Thomas R. Maves (Maves) and appreciates having the opportunity to respond.

The report of your investigation concluded that Maves, an energy specialist in the Ohio Energy Resources Division, improperly accepted favors or things of value from two Ohio Department of Development Grantees. Your investigation found that Maves traveled without supervisor approval on several occasions and misused Federal and state grant funds by approving unauthorized expenses. Further, your office concluded that it was unable to substantiate the allegation that Development overlooked Maves misconduct or failed to take appropriate disciplinary action. Since Maves submitted his resignation before Development completed its pre-disciplinary process, Development could not discipline him. Maves' last day at Development was March 19, 2010, and he reimbursed Development \$3,832.88 for travel and meal expenses, which Development returned to the grant funds.

Development responds to your specific recommendations as follows:

- 1. Require all department managers to periodically review expense reimbursement policies and procedures and regularly execute internal audits of expense reimbursements to ensure accuracy and adherence to the governing policies.**

Development has notified and annually trains all appropriate personnel through our internal audit staff in the Office of Finance and Internal Services Division regarding the requirements of OAC 126-1-02 and the relevant travel and expense portions of OMB Circular A-122. It is worth noting that since the time Maves was employed, Ohio Shared Services, within the Office of Budget and Management, has taken over most of the function of State of Ohio employee travel and food reimbursement. Further, internal audits are periodically conducted of grantees in which travel and food reimbursement are included to ensure compliance with OAC 126-1-02 and the relevant travel and food expense portions of OMB Circular A-122.

In response to the report's next two recommendations:

- 2. Require grant administration staff to review the expenses for request for reimbursement, as submitted by grant recipient, to determine whether they are in line with the projected expenses in the initial grant budget.**

3. Require itemized receipts for any food or restaurant expenses to ensure that costs are not in violation of the grant.

As outlined below, Development's grant administrators are continually trained to carefully review grantee reimbursement requests to ensure that requests detail activity that complies with both the grant agreement as well as the applicable requirements of OAC 126-1-02 and the relevant travel and food expense portions of OMB Circular A-122. As part of the annual training, internal audit staff stress the importance of continually monitoring the budget of the grant agreement during the life of the agreement as the reimbursement requests are submitted, considered, questioned for further detail if necessary and finally approved or disapproved.

Our internal audit staff will provide more training in the future and has provided grant administration staff training on the following dates and topics:

-June, 2009: In Service Training for the Ohio Energy Office – Talked about OMB Circulars, GSA Travel, and other Federal Regulations

-January, 2010: In Service Training for the Office of Community Services – Covered Allowable/Unallowable costs, Cost Pools, and Budgeting

-October and December 2010: In Service Training for the Ohio Energy Resources Division regarding OMB Circulars, GSA Travel, and other Federal Regulations plus specific ARRA related topics.

4. Require requests for reimbursement of food or restaurant expenses to include a meeting purpose, agenda, and list of attendees to justify how the expense is permissible under the grant.

As stated above in the recommendation response to Nos. 2 and 3, grant administrators are trained to compare reimbursement requests to those costs specifically permitted under the grant agreements, and grantees are not permitted to obtain reimbursement unless it is in compliance with the grant agreement provisions and the applicable portions of OAC 126-1-02 and/or OMB Circular A-122. Further, if the grant permits attendance at a conference for which the grant agreement provides, likewise, the grant administrators are trained to determine if the reimbursement request is compliant with the respective grant agreement and the applicable portions of OAC 126-1-02 and OMB Circular A-122. In response to this recommendation, Development has also updated its contract language to further clarify the definition of a "permissible expenses" and will update the contract language to implement this recommendation as part of Development's current contract review process.

Sincerely,


Kevin Potter
Assistant Director