



Financial Risk Management System

An Overview for New Public Health Leaders

The Financial Risk Management System (FRMS) was developed in 2011 in response to feedback from Local Public Health Agencies (LPHAs) regarding inconsistencies with the manner in which Colorado Department of Public Health and Environment (CDPHE) conducted fiscal monitoring. The system was developed by a subcommittee of the Public Health Improvement Task Force and included CDPHE staff and representatives from several LPHAs. The committee's mission was to develop a system to resolve issues of duplicative fiscal site visits by CDPHE, the variety of invoice forms used within CDPHE and inconsistent requirements for invoice supporting documentation.

In addition to reducing the administrative burden on LPHAs, CDPHE sought to improve the efficiency and effectiveness of its fiscal monitoring practices by establishing a risk-based approach that drives consistent monitoring throughout the department. FRMS assessors determine the potential risk of LPHA noncompliance with CDPHE contract and purchase order fiscal requirements by assessing each LPHA's financial management system.

The majority of LPHA initial assessments were completed in fiscal year 2012. The initial financial risk assessments included a questionnaire and site visit. Policies and procedures used to manage funding, paid invoices and supporting documentation were reviewed during the site visit. Assessment ratings are approved by a CDPHE evaluation team comprised of the department controller, the head of financial services and the environmental programs operations deputy. Results are shared with the individual LPHAs and CDPHE fiscal monitoring staff. The risk rating indicates the level of oversight, monitoring activities and resources needed to effectively monitor the contract or purchase order. Higher risk ratings result in documenting the area of concern, more frequent monitoring and FRMS staff offering tools and technical assistance to help agencies achieve a lower risk rating.

A typical two-year cycle for an LPHA rated low includes a site visit, invoice sample, monitoring questionnaire and second invoice sample, each approximately six months apart before the next cycle starts. During the first cycle, FRMS staff learned a great deal about the methods LPHAs use to manage contract funds; and we invited feedback regarding doing business with CDPHE. Now into the second cycle of site visits, FRMS staff is requesting county finance staff participation during site visits in order to assess the full financial management system. FRMS staff has observed the use of tracking tools and strong financial practices in use at LPHAs, and many LPHAs are willing to share their tools and resources. We welcome the opportunity to help LPHAs connect with agencies to take advantage of the knowledge base in place. FRMS staff have a number of useful tools and recommendations and are available to provide technical assistance to LPHAs and CDPHE fiscal contract monitors. We encourage LPHAs to make use of these resources and to contact us at any time.

(Please see the reverse for sample timelines.)

Questions regarding CDPHE's fiscal compliance monitoring may be directed to any FRMS staff:

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FRMS Monitoring Schedules by Risk Rating

all dates are for illustration only

