



**NORTHWEST OHIO WAIVER ADMINISTRATIVE  
COUNCIL OF GOVERNMENT**

**AGREED UPON PROCEDURES**

**FOR THE COST REPORTING PERIOD  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**



**Dave Yost • Auditor of State**



**NORTHWEST OHIO WAIVER ADMINISTRATIVE  
COUNCIL OF GOVERNMENT**

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## INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

Jenny Jones, Assistant Deputy Director,  
Office of Audits, Ohio Department of Developmental Disabilities  
30 E. Broad Street, 13<sup>th</sup> Floor  
Columbus OH 43215

Dear Ms. Jones:

As permitted by Ohio Revised Code Section 5123.05 and as required by the *Application for a §1915(c) HCBS Waiver*, Appendix I-2(c), the Auditor of State's Office performed the procedures enumerated below, to which the Ohio Department of Developmental Disabilities (DODD) agreed. The purpose is to assist you in evaluating whether the Northwest Ohio Waiver Administrative Council of Government (NOWAC COG) prepared its *Income and Expenditure Report* and *County Summary Workbooks*<sup>1</sup> for the years ended December 31, 2010 in accordance with DODD's Guide to Preparing Income and Expenditure Reports for COGs and County Boards of Developmental Disabilities (Cost Report Guides) and to assist you in evaluating whether reported receipts and disbursements complied with 2 CFR 225 (OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*), and other compliance requirements described in the procedures below. The Council of Government's management is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of DODD. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### **Trial Balance Analysis**

1. We compared the COG's total assets to total liabilities plus equity on the NOWAC COG Trial Balance (as of December 31, 2010).

We found no differences.

2. We compared all receipt and disbursement entries on the NOWAC COG Trial Balance (as of December 31, 2010) to the NOWAC COG General Ledger (As of December 31, 2010).

We found no differences.

3. We compared all receipt and disbursement account totals on the NOWAC COG Trial Balance (as of December 31, 2010) to *Schedule A, Summary of Expenditures-By Program* of the COG cost report and Worksheets 2 through 10 and *Schedule C Income Report* of the *County Summary Workbooks* and NOWAC COG General Ledger (As of December 31, 2010).

We found no differences.

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<sup>1</sup> NOWAC COG recorded receipts and disbursements on behalf of the county developmental disabilities boards (County Boards). NOWAC COG prepared County Summary Workbooks to distribute these receipts and disbursements to each of the following County Boards: Defiance, Fulton, Henry, Paulding, Van Wert, and Williams.

### **Trial Balance Analysis (Continued)**

4. We compared total disbursements on the NOWAC COG Trial Balance (as of December 31, 2010) to the total combined disbursements reported on *Schedule A, Summary of Expenditures-By Program* of the COG cost report (including costs allocated to the *County Summary Workbooks*).

We found differences as reported in Appendix A.

### **Revenue Testing**

1. We compared amounts paid to COG per the 2010 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C Income Report* of the *County Summary Workbooks*.

We found no differences exceeding two percent of total revenues on *Schedule C Income Report* or greater than \$1,000.

2. We scanned the NOWAC COG Trial Balance (as of December 31, 2010) to see if any transfers were recorded on the COG's *Income and Expenditure Report* or the *County Summary Workbooks*.

We found no transfers that were reported on the COG's *Income and Expenditure Report* or the *County Summary Workbooks*.

### **Property, Depreciation, and Asset Verification Testing**

1. DODD asked us to compare the COG's policies regarding capitalization of fixed assets with the following guidelines:

- Cost Report Guides for preparing *Worksheet 1, Capital Costs*
- 2 CFR 225 (OMB Circular A-87, Appendix B, 15(a)(2), and
- CMS Publication 15-1.

A capitalization policy was unavailable and was not examined.

2. DODD asked us to compare the COG's Depreciation Schedule for 2010 to *Worksheet 1, Capital Costs* of the COG Cost Report.

A depreciation schedule was unavailable and was not examined.

3. We scanned the NOWAC COG's General Ledger (as of December 31, 2010) for items purchased during 2010 that met the Cost Report Guides for preparing *Worksheet 1, Capital Costs* guidelines.

We found no unrecorded purchases meeting the capitalization criteria in the guidelines under procedure #1 above.

4. DODD asked us to scan the COG's Depreciation Schedule for 2010 for depreciation taken on the same asset more than once, assets that have been fully depreciated, or depreciation taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides.

A depreciation schedule was unavailable and was not examined.

5. DODD asked us to compare the COG's audited 2009 Depreciation Schedule to the COG's 2010 Depreciation Schedules for changes in the depreciation amounts for assets which were not in compliance with the Cost Report Guide.

Depreciation schedules were unavailable for 2009 and 2010 and were not examined.

**Property, Depreciation, and Asset Verification Testing (Continued)**

6. DODD asked us to select five assets from the COG's fixed asset schedule and trace these assets to their physical location.

A fixed asset schedule was unavailable and was not examined.

7. DODD asked us to haphazardly select five of the COG's fixed assets from their fixed asset schedule which meet the COG's capitalization policy and are being depreciated in their first year in 2010 and determine if their useful life agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. DODD also asked us to recompute the first year's depreciation for these assets, based on their cost, acquisition date and period of useful life to determine compliance with the Cost Report Guides and AHA Asset Guide.

A fixed asset schedule was unavailable and was not examined, and no purchases meeting the capitalization criteria guidelines were identified under procedure #3 above.

8. DODD asked us to haphazardly select the lesser of five percent or 20 disposed assets from the COG's 2010 list of disposed assets and determine if the asset was removed from the COG's fixed asset ledger.

A list of disposed assets and a fixed asset schedule were unavailable for 2010 and were not examined.

**Payroll Expenditure Testing**

1. We scanned the NOWAC COG Payroll expense reports (by quarter for 2010) and the 2010 Form W-2 Wage and Tax Statement to determine if the employee salaries were recorded in the appropriate cost category on the COG's *Income and Expenditure Report* or the *County Summary Workbooks*.

We found no differences equal or exceeding one percent of total payroll recorded on the NOWAC COG Trial Balance (as of December 31, 2010).

2. We compared the total payroll recorded on the NOWAC COG Trial Balance (as of December 31, 2010) to total payroll reported on the COG's *Income and Expenditure Report* or the *County Summary Workbooks*.

We found differences exceeding one percent of total payroll recorded on the NOWAC COG Trial Balance (as of December 31, 2010) as reported in Appendix A.

We also compared the total payroll per 2010 Form W-2 Wage and Tax Statement report to total payroll per the NOWAC COG Payroll expense reports (by quarter for 2010).

We found no differences exceeding one percent of total payroll per the 2010 Form W-2 Wage and Tax Statement.

3. We selected a haphazard sample of five employees and compared classification of the employees to entries on the COG's *Income and Expenditure Report* or the *County Summary Workbooks* to determine if the allocation of salaries and benefit costs was consistent with the Cost Report Guides.

We found no differences.

**Non-Payroll Expenditure Testing**

1. We judgmentally selected a sample of 40 non-payroll disbursements from the NOWAC COG General Ledger (As of December 31, 2010) to determine if supporting documentation was maintained as required by 2 CFR 225 (OMB Circular A-87, Appendix A, (C)(1)(j)) and the disbursement was properly classified on the COG's *Income and Expenditure Report* or the *County Summary Workbooks* or transfers properly left off these reports in accordance with the Cost Report Guides.

We reported differences in Appendix A.

2. We scanned the NOWAC COG General Ledger (As of December 31, 2010) and reviewed documentation to identify disbursements not classified according to the Cost Report Guides or costs which are non-federal reimbursable under 2 CFR 225 Appendix B or costs which were not capitalized in accordance with the guidelines under procedure #1 above for Property, Depreciation, and Asset Verification Testing.

We found no differences.

**Medicaid Administrative Claiming Testing (MAC)**

1. We compared the totals in the COG's MAC Costs by Code and MAC Random Moment Time Summary (RMTS) reports to Lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming* of the COG's *Income and Expenditure Report*.

We found no differences.

2. We compared salaries for MAC employees recorded on the MAC Costs by Code and MAC Random Moment Time Summary (RMTS) reports to the total payroll recorded on NOWAC COG Payroll expense reports (by quarter for 2010).

We found no differences.

3. We compared Ancillary Costs on the Roll up Report for the Ohio Department of Job and Family Services to Lines 6-10 of the *MAC Reconciliation Worksheet*.

We found differences as reported in Appendix A.

We did not receive a response from officials to the exceptions noted above.



This report is intended solely for the use of the managements of the DODD, the Ohio Department of Job and Family Services, the Centers for Medicare and Medicaid Services and the Northwest Ohio Waiver Administrative Council of Government; however, this report is a matter of public record under Section 149.43, Revised Code and its distribution is not limited.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost  
Auditor of State

December 22, 2011

cc: Deb Guilford, Executive Director, NOWAC  
Michelle Vogelsong, Business Manager, NOWAC  
Beth Friess, Board President, NOWAC

**Appendix A**  
**Northwest Ohio Waiver Administrative Council of Government**  
**2010 Income and Expenditure Report and County Summary Workbook Adjustments**

<b>Cost Report Location</b>	<b>Reported Amount</b>	<b>Correction</b>	<b>Corrected Amount</b>	<b>Explanation of Correction</b>
<b>Northwest Ohio Waiver Administrative Council of Government Income and Expenditure Report</b>				
<b>Schedule C</b>				
1. County DD Board Fees	\$ 476,764	\$ (48,682)	\$ 428,082	To correct for Paulding county board fees booked twice.
<b>Worksheet 2</b>				
1. Salaries	\$ 28,584	\$ 15,747	\$ 44,331	To record unallocated salaries
<b>Medicaid Administration Worksheet</b>				
6-10. Other Costs				
Column A-Reimbursement Requested through Calender Year	\$ 8,961	\$ 6,135	\$ 15,096	To correct MAC ancilliary costs
<b>Defiance County Summary Workbook</b>				
<b>Worksheet 2 (Indirect Costs)</b>				
10. COG Expenses-Column O-Non-Federal Reimbursable	\$ 8,357	\$ 28,259	\$ 36,616	To reclassify DODD admin fees paid for Defiance CBDD
<b>Worksheet 6</b>				
16. COG Expenses-Column O-Non-Federal Reimbursable	\$ 36,616	\$ (36,616)	\$ -	To reclassify DODD admin fees paid for Defiance CBDD
<b>Van Wert County Summary Workbook</b>				
<b>Schedule A</b>				
1. Room and Board/Cost to Live	\$ 455	\$ 1,000	\$ 1,455	To correct error in Room and Board costs



# Dave Yost • Auditor of State

**NORTHWEST OHIO ADMINISTRATIVE COUNCIL OF GOVERNMENTS**

**DEFIANCE COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 5, 2012**