



Dave Yost • Auditor of State

**NORTHWEST OHIO WAIVER ADMINISTRATIVE
COUNCIL OF GOVERNMENT**

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INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

Halina Schroeder, Audit Chief
Ohio Department of Developmental Disabilities, Office of Audits
30 E. Broad Street, 13th Floor
Columbus OH 43215

Dear Ms. Schroeder:

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 (the COG or NOWAC COG) prepared its *Income and Expenditure Report* and *County Summary Workbooks*¹ for the years ended December 31, 2011 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.

Revenue Testing

1. DODD requested us to compare the COG's receipts with those reported on *Schedule C, Income Report* of the *County Summary Workbooks* and report variances exceeding two percent of total receipts on *Schedule C, Income Report* or greater than \$1,000.

We compared amounts paid to the COG per the 2011 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 or greater than \$1,000.

Trial Balance Analysis and Non-Payroll Expenditures Testing

1. We compared the COG's total assets to total liabilities plus equity on the Trial Balance report.

We found no differences or computational errors.

¹ 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.

2. DODD asked us to compare the COG's disbursements on the Trial Balance report and General Ledger reports to *Schedule A, Summary of Service Costs-By Program* and Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks*, and report variances exceeding \$100 for total service contracts, other expenses and COG expenses on any Worksheet.

We compared all service contracts, other expenses and COG expenses on *Schedule A, Summary of Service Costs-By Program* and Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks* to disbursements on the COG's Trial Balance and General Ledger reports.

We found differences as reported in Appendix A.

3. DODD asked us to determine whether the COG's disbursements on the General Ledger report was properly classified within two percent of total service contracts, other expenses and COG expenses for Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks* and if these Worksheets included disbursements over \$100 which are non-federal reimbursable under 2 CFR Appendix B.

We scanned the COG's General Ledger report for service contracts, other expenses and COG expense rows on Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks* 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.

We found differences as reported in Appendix A for misclassified costs.

4. We haphazardly selected a sample of 40 non-payroll disbursements from the General Ledger report that were classified as total service contracts, other expenses or COG expenses on Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks*.

We determined 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 according to the Cost Report Guides.

We found differences as reported in Appendix A.

5. We scanned the COG's General Ledger reports for items purchased during 2011 that met the COG's capitalization criteria and traced them to inclusion on the COG's fixed asset listing.

We found no unrecorded purchases meeting the capitalization criteria.

Payroll Expenditure Testing

1. DODD asked us to determine if employee salaries on the COG's Payroll Summary and Trial Balance reports were within two percent of payroll costs reported on the COG cost report and the *County Summary Workbooks*.

We compared the total payroll costs per the COG's Payroll Summary and Trial Balance reports with payroll costs reported on the COG cost report and the *County Summary Workbooks*.

We found no differences exceeding two percent.

2. We selected a haphazard sample of five employees and compared the COG's job description and Payroll Summary report to the worksheet on the COG's cost report or the *County Summary Workbooks* in which each employee's salary and benefit costs were allocated to ensure the allocation is consistent with the Cost Report Guides. DODD asked us to report differences greater than two percent of the total wage and benefit of any worksheet affected.

We found no differences exceeding two percent as reported in Appendix A.

3. We scanned the COG's Payroll Summary report and compared classification of employees to entries on the COG cost report and *County Summary Workbooks* to determine if salary and benefit costs were reported in accordance with the Cost Report Guides.

We found differences as reported in Appendix A.

Property, Depreciation, and Asset Verification Testing

1. DODD asked us to compare the COG's procedures regarding capitalization of fixed assets with the Cost Report Guides for preparing *Worksheet 1, Capital Costs* and 2 CFR 225 (OMB Circular A-87, Appendix B, 15(a)(2)).

A capitalization policy was unavailable and was not examined.

2. DODD asked us to compare the COG's depreciation schedule to *Worksheet 1, Capital Costs* of the COG cost report and report any variances exceeding \$100.

A depreciation schedule was unavailable and was not examined.

3. DODD asked us to scan the COG's Depreciation Schedule for 2011 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 schedules was unavailable and was not examined.

4. DODD asked us to compare the COG's final 2010 Depreciation Schedule to the COG's 2011 Depreciation Schedules for changes in the depreciation amounts for assets purchased prior to the period under review which were not in compliance with the Cost Report Guides.

Depreciation schedules were unavailable for 2010 and 2011 and were not examined.

5. DODD asked us to haphazardly select the lesser of five of the COG's fixed assets or five percent of items which meet the COG's capitalization policy and are being depreciated in their first year in 2011 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. We also recomputed the first year's depreciation for these assets, based on their cost, acquisition date and useful life to determine compliance with the Cost Report Guides.

A fixed asset schedule was unavailable and was not examined, and no purchases meeting the capitalization criteria guidelines were identified under procedure 5 of the Trial Balance Analysis and Non-Payroll Expenditures section.

6. DODD asked us to haphazardly select the lesser of five percent or five disposed assets in 2011 from the COG's list of disposed assets and determined if the asset was removed from the COG's fixed asset ledger. DODD also asked us to recalculate depreciation and any gain or loss applicable to 2011 for the disposed items based on its undepreciated basis and any proceeds received from the disposal or sale of the asset to determine compliance with the Cost Report Guide and CMS Publication 15-1, Chapter 1.

A list of disposed assets and a fixed asset schedule were unavailable for 2011 and were not examined.

Medicaid Administrative Claiming Testing

1. DODD asked us to contact its Office of Audits to report differences between the MAC salary and benefits versus the COG's payroll records exceeding one percent.

We compared salaries and benefits entered on the Individual MAC Costs by Code and MAC Random Moment Time Summary (RMTS) reports to the COG's quarterly payroll records.

We found no differences exceeding one percent.

2. We compared the MAC Random Moment Time Summary (RMTS) reports to Lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming* of the COG cost report.

We found no differences.

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

We found differences as reported in Appendix A.

4. We selected 11 RMTS observed moments completed by employees of the COG from the DODD RMTS Participant Moments Question and Answer report for the third quarter of 2011 in which they documented their time spent on administering Medicaid-funded programs. We determined if supporting documentation of the COG employees' activity for each observed moment was maintained and the observed moment was properly classified in accordance with DODD's Guide to Medicaid Administrative Claiming (MAC) using the Random Moment Time Studies (RMTS) Methodology for 2010.

We found no differences.

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.

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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

March 12, 2013

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
2011 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Northwest Ohio Waiver Administrative Council of Government Income and Expenditure Report				
Worksheet 2				
1. Salaries	\$ 63,660	\$ (31,792)	\$ 31,868	To allocate MUI & Waiver Employee salaries
4. Other Expenses	\$ 91,663	\$ (20,612)	\$ 71,051	To reclassify MAC Fees
Worksheet 4				
4. Other Expenses Column B-Non-Federal Reimbursable	\$ -	\$ 20,612	\$ 20,612	To reclassify MAC Fees
Medicaid Administration Worksheet				
6-10. Other Costs				
Column A-Reimbursement Requested through Calendar Year	\$ -	\$ 14,151	\$ 14,151	To correct MAC ancilliary costs
Defiance County Summary Workbook				
Worksheet 2 (Indirect Costs)				
10. COG Expenses-Column O-Non-Federal Reimbursable	* \$ 405	\$ 40,174	\$ 40,579	To record Defiance CB Admin Fees
Worksheet 5 (Direct Services)				
15. COG Expense (Line 5) Column L- Community Residential	\$ 40,600	\$ 4,290	\$ 44,890	To allocate Waiver salaries
15. COG Expense (Line 5) Column O- Non Federal Reimbursable	\$ -	\$ 1,732	\$ 1,732	To allocate MUI salaries
Fulton County Summary Workbook				
Worksheet 5 (Direct Services)				
15. COG Expense (Line 5) Column O- Non Federal Reimbursable	\$ -	\$ 1,732	\$ 1,732	To allocate MUI salaries
Paulding County Summary Workbook				
Worksheet 5 (Direct Services)				
15. COG Expense (Line 5) Column L- Community Residential	\$ -	\$ 3,596	\$ 3,596	To allocate Waiver salaries
15. COG Expense (Line 5) Column O- Non Federal Reimbursable	\$ -	\$ 1,732	\$ 1,732	To allocate MUI salaries
Van Wert County Summary Workbook				
Worksheet 5 (Direct Services)				
15. COG Expense (Line 5) Column L- Community Residential	\$ 1,578	\$ 4,858	\$ 6,436	To allocate Waiver salaries
15. COG Expense (Line 5) Column O- Non Federal Reimbursable	\$ -	\$ 1,732	\$ 1,732	To allocate MUI salaries
Williams County Summary Workbook				
Worksheet 5 (Direct Services)				
15. COG Expense (Line 5) Column L- Community Residential	\$ 9,281	\$ 3,849	\$ 13,130	To allocate Waiver salaries
15. COG Expense (Line 5) Column O- Non Federal Reimbursable	\$ -	\$ 1,732	\$ 1,732	To allocate MUI salaries

* Original Cost Report balances have been adjusted to reflect allocations as a result of the above adjustments to Worksheet 2 of the COG Cost Report. Other county summary workbooks have been affected by this same allocation; however, those adjustments are not shown here due to this being a function of how costs flow down from Schedule B of the COG Cost Report.



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NORTHWEST OHIO WAIVER ADMINISTRATIVE COUNCIL OF GOVERNMENT

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
MAY 9, 2013**