



Dave Yost • Auditor of State



**THE EMPLOYMENT CONNECTION  
HOCKING COUNTY**

**TABLE OF CONTENTS**

<b>Title</b>	<b>Page</b>
Independent Auditor's Report .....	1
Appendix A: Income and Expenditure Report Adjustments – 2013 .....	7

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## Independent Auditor's Report on Applying Agreed-Upon Procedures

Halina Schroeder, Audit Chief  
Division of Fiscal Administration, Audit Office  
Ohio Department of Developmental Disabilities  
30 E. Broad Street, 13<sup>th</sup> Floor  
Columbus, Ohio 43215

Dear Ms. Schroeder:

As permitted by Ohio Rev. Code § 5123.05 and as required by the *Application for a §1915(c) Home and Community Based Services Waiver*, Appendix I-2(c), the Auditor of State's Office has 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 Employment Connection, a council of governments (COG), prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*<sup>1</sup> for the year ended December 31, 2013 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 COG's management is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. 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 that we compare the COG's receipts with those reported on Section II, Department of DD of *Schedule C Income Report* on the *County Summary Workbooks* and report any variances.

We compared COG receipts on Section II, Department of DD of *Schedule C, Income Report* on each of the *County Summary Workbooks* to receipts on the COG's Revenue Trial Balance and General Ledger reports.

We found no differences as a result of applying this procedure.

---

<sup>1</sup> The Employment Connection recorded receipts and disbursements on behalf of member county boards of developmental disabilities (County Boards). The COG prepared *County Summary Workbooks* to distribute these receipts and disbursements to the following County Boards: Fairfield, Hocking, Licking and Perry.

## **Trial Balance and Non-Payroll Expenditures**

1. DODD asked us to compare the COG's disbursements on the Trial Balance and General Ledger to *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the 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 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.

We found no differences exceeding \$100 on any worksheet.

2. DODD asked us to determine whether the COG's disbursements on the Trial Balance and General Ledger were properly classified within two percent of total service contracts, other expenses and COG expenses for worksheets 2 through 5 of the Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* and if these worksheets included variances over \$100 which are nonfederal reimbursable under 2 CFR Appendix B.

We scanned the COG's Trial Balance, General Ledger and Workbook worksheets for service contracts, other expenses and COG expenses on worksheets 2 through 5 of the 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 also scanned for any program costs without corresponding statistics to demonstrate that the COG or one of the member County Board's programs received a measurable benefit as required under Appendix A, section (C) (3)(a) and the Cost Report Guides.

We found the COG used projected numbers of individuals served to allocate direct service costs. We obtained actual number of individuals served and recalculated the allocation of costs to worksheet 10 for each *County Summary Workbooks*.

We reported adjusted allocations and misclassified costs in Appendix A.

3. We haphazardly selected a sample of 30 non-payroll disbursements from the General Ledger that were classified as total service contracts, other expenses or COG expenses on worksheets 2 through 5 of the 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 misclassified and non-federal reimbursable costs as reported in Appendix A.

4. We scanned the COG's General Ledger for items purchased during 2013 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 Testing

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

We compared the total payroll costs per the COG's Payroll Journal and Trial Balance with payroll costs reported on the Cost Report and the *County Summary Workbooks*.

We found no differences exceeding two percent.

2. We scanned the COG's Payroll Journal for 2013 and compared classification of employees to entries on the Cost Report and *County Summary Workbooks* to determine if salary and benefit costs were reported in accordance with the Cost Report Guides.

We found no differences.

## 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)).

We compared the COG's procedures to the Cost Report Guides and 2 CFR 225.

We found no inconsistencies as result of applying this procedure.

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

We did not perform this procedure as the COG had no fixed assets during the review period.

3. DODD asked us to scan the COG's Depreciation Schedule for 2013 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.

We did not perform this procedure as the COG had no fixed assets during the review period.

4. DODD asked us to compare the COG's final 2012 Depreciation Schedule to the COG's 2013 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.

We did not perform this procedure as the COG had no fixed assets during the review period.

5. DODD asked us to 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 2013 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. DODD also asked us to re-compute 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.

We did not perform this procedure as the COG had no fixed assets during the review period.

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

6. DODD asked us to haphazardly select the lesser of five percent or 5 disposed assets in 2013 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 2013 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.

We did not perform this procedure as the COG reported no disposed assets. We scanned the COG's General Ledger and did not identify any proceeds from the sale or exchange of fixed assets.

**Medicaid Administrative Claiming Testing (MAC)**

1. DODD asked us to contact its Random Moment Time Study (RMTS) Coordinator to report differences between the MAC salary and benefits versus the County Board's payroll records exceeding one percent.

We did not perform this procedure as the COG did not participate in the MAC program in 2013.

2. DODD asked us to compare the MAC RMTS reports to Lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming*.

We did not perform this procedure as the COG did not participate in the MAC program in 2013.

3. DODD asked us to compare Ancillary Costs on the Roll up Report for Ohio Department of Medicaid to Lines 6-10 of the *MAC Reconciliation Worksheet*.

We did not perform this procedure as the COG did not participate in the MAC program in 2013.

4. DODD asked us to select RMTS observed moments completed by employees of the COG from the DODD RMTS Participant Moments Question and Answer report for the first quarter of 2013 in which they documented their time spent on administering Medicaid-funded programs. DODD asked us to determine 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 2013.

We did not perform this procedure as the COG did not participate in the MAC program in 2013.

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

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Cost Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



The Employment Connection  
Independent Auditor's Report on  
Applying Agreed-Upon Procedures

This report is intended solely for the use of the managements of The Employment Connection, DODD, the Ohio Department of Medicaid, the Centers for Medicare and Medicaid Services, and is not intended to be, and should not be used by anyone other than these specified parties.

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

**Dave Yost**  
Auditor of State

March 27, 2015

**THIS PAGE INTENTIONALLY LEFT BLANK**

**Appendix A**  
**The Employment Connection**  
**2013 Income and Expenditure Report and County Summary Workbook Adjustments**

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>The Employment Connection</b>				
<b>Worksheet 2</b>				
4. Other Expenses	\$ 91,731	\$ 30,882		To reclassify COG administration costs
		\$ 42,862	\$ 165,475	To report membership fees
<b>Worksheet 4</b>				
4. Other Expenses (B) Non-Federal Reimbursable	\$ -	\$ 1,316	\$ 1,316	To reclassify RSC audit finding and expense for Christmas cards
<b>Fairfield County</b>				
<b>Worksheet 8</b>				
25. 25. Direct Services (G) Community Employment	\$ 3,984	\$ (3,984)	\$ -	To reclassify transportation costs
<b>Worksheet 10</b>				
27. 27. Direct Services (G) Community Employment	\$ 420,630	\$ (10,070)		To reclassify COG administration costs
		\$ 3,667		To reclassify Fairfield County Board costs
		\$ 162	\$ 414,389	To correct allocation using actual individuals served
<b>Hocking County</b>				
<b>Worksheet 8</b>				
25. 25. Direct Services (G) Community Employment	\$ 3,343	\$ 2,805	\$ 6,148	To reclassify transportation costs
<b>Worksheet 10</b>				
27. 27. Direct Services (G) Community Employment	\$ 181,093	\$ (8,451)		To reclassify COG administration costs
		\$ 10		To reclassify Hocking County Board costs
		\$ (652)	\$ 172,000	To correct allocation using actual individuals served
<b>Licking County</b>				
<b>Worksheet 8</b>				
25. 25. Direct Services (G) Community Employment	\$ 3,557	\$ (3,557)	\$ -	To reclassify transportation costs
<b>Worksheet 10</b>				
27. 27. Direct Services (G) Community Employment	\$ 49,601	\$ (8,991)		To reclassify COG administration costs
		\$ (1,066)	\$ 39,544	To correct allocation using actual individuals served
<b>Perry County</b>				
<b>Worksheet 8</b>				
25. 25. Direct Services (G) Community Employment	\$ 3,343	\$ 4,736	\$ 8,079	To reclassify transportation costs
<b>Worksheet 10</b>				
27. 27. Direct Services (G) Community Employment	\$ 228,564	\$ (8,451)		To reclassify COG administration costs
		\$ 88		To reclassify Perry County Board costs
		\$ 2,429	\$ 222,630	To correct allocation using actual individuals served

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## THE EMPLOYMENT CONNECTION

### HOCKING 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 7, 2015