



Dave Yost • Auditor of State

WEST CENTRAL OHIO NETWORK
SHELBY COUNTY

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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, 13th Floor
Columbus, Ohio 43215

Dear Ms. Schroeder:

As permitted by Ohio Revised Code Section 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 West Central Ohio Network, which is a Council of Government (COG), prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*¹ 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 Council of Government'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

DODD requested us to 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 did not perform this procedure as the COG did not report receipts on Section II, of *Schedule C*, on the *County Summary Workbooks*. However, we scanned the receipts on the COG's Trial Balance reports for any receipts not reported on *Section II, of Schedule C* on the *County Summary Workbooks*.

We found no unreported Section II, Schedule C receipts.

¹ West Central Ohio Network Council of Government recorded receipts and disbursements on behalf of member county developmental disabilities boards (County Boards). Westcon COG prepared County Summary Workbooks to distribute these receipts and disbursements to each of the following County Boards: Auglaize, Darke, Hardin, Logan, Mercer, Miami, Preble, Shelby, and Union.

TRIAL BALANCE ANALYSIS AND NON-PAYROLL EXPENDITURE TESTING

1. DODD asked us to compare the COG's disbursements on the trial balance and general ledger reports 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 Income Statement, Trial Balance, and General Ledger - Account Activity reports and cost detail spreadsheets.

We found differences as reported in Appendix A.

2. DODD asked us to determine whether the COG's disbursements on the trial balance report and general ledger reports 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*, if these worksheets included variances over \$100 which are nonfederal reimbursable under 2 CFR Appendix B.

We scanned the COG's Income Statement, County Board Trial Balance reports and the COG and County Board General Ledger - Account Activity reports 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 that are non-federal reimbursable because they do not 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 differences as reported in Appendix A for misclassified costs. We found no program costs without corresponding statistics and we noted statistics that should be reported by Miami, Preble and Union counties in their respective 2013 cost reports.

3. DODD asked us to haphazardly select a sample of 60 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 Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*.

We haphazardly selected a sample of 60 non-payroll disbursements from the COG's General Ledger - Account Activity reports 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 differences as reported in Appendix A for misclassified costs.

TRIAL BALANCE ANALYSIS AND NON-PAYROLL EXPENDITURE TESTING (Continued)

4. DODD asked us to scan the COG's expenditure spreadsheets for items purchased during 2013 that met the COG's capitalization criteria and trace them to inclusion on the COG's fixed asset listing.

We scanned the COG and County Board's General Ledger - Account Activity reports for items purchased during 2013 that met the COG's capitalization criteria and traced them to inclusion on the COG's 2013 Depreciation Schedule.

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 Income Statement with payroll costs reported on the Cost Report and the *County Summary Workbooks*.

We found differences as reported in Appendix A.

2. We scanned the COG's Employee Cost report, cost detail spreadsheets and table of organization 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 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)).

We found no inconsistencies between the COG's capitalization procedures and the guidelines listed above.

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 compared all depreciation entries on *Worksheet 1, Capital Costs* to the COG's Depreciation of Assets report.

We found no differences exceeding \$100.

3. We scanned the COG's Depreciation of Assets report 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 found differences in the depreciation reported for one fixed asset without a salvage value, see procedure 5 below.

PROPERTY, DEPRECIATION, AND ASSET VERIFICATION TESTING (Continued)

4. We compared the COG's final 2012 Depreciation of Assets report to the COG's 2013 Depreciation of Assets report 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 found no differences.

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 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 selected one fixed asset being depreciated in its first year in 2013 to determine if the useful life 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 Guide.

We found difference as reported in Appendix A.

6. DODD asked us to haphazardly select the lesser of five percent or five 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 because the COG did not have a disposed asset list. We scanned the COG's General Ledger - Account Activity report and did not identify any proceeds from the sale or exchange of fixed assets.

MEDICAID ADMINISTRATIVE CLAIMING TESTING

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 compared salaries and benefits entered on the MAC RMTS reports to the COG's Employee Cost report.

We found no differences exceeding one percent.

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

We compared the MAC RMTS reports to Lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming*.

We found differences as reported in Appendix A.

MEDICAID ADMINISTRATIVE CLAIMING TESTING (Continued)

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

We compared Ancillary Costs on the Roll up Report for Ohio Department of Medicaid to Lines 6 through 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 first quarter of 2013 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 2013.

We found no differences.

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.

This report is intended solely for the use of the managements of the COG, DODD, the Ohio Department of Medicaid, and 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.



Dave Yost
Auditor of State

December 4, 2014

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**Appendix A
West Central Ohio Network
2013 Income and Expenditure Report and County Summary Workbook Adjustments**

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
West Central Ohio Network				
Schedule A				
16. Match Paid to DODD on Behalf of All County Boards	\$ 6,521,991	\$ 15,838	\$ 6,537,829	To agree to compiled report
Worksheet 1				
3. Buildings/Improvements	\$ 4,327	\$ (45)	\$ 4,282	To adjust depreciation for salvage value
Worksheet 2				
3. Service Contracts	\$ 119,654	\$ (71,209)	\$ 48,445	To reclassify non-federal reimbursable investment advisory fee
4. Other Expenses	\$ 51,240	\$ (20)	\$ 51,220	To remove costs already included
Worksheet 4				
1. Salaries (A) MAC Costs			-	
1. Salaries (B) Non-Federal Reimbursable	\$ 100,493	\$ (49,256)	\$ 51,237	To agree to compiled report
4. Other Expenses (B) Non-Federal Reimbursable	\$ -	\$ 49,256	\$ 49,256	To reclassify other expenses from salaries
Worksheet 5				
4. Other Expenses	\$ -	\$ 3,516	\$ 3,516	To record non-member MUI expense
MAC Reconciliation Worksheet				
Lines (6-10) Other Cost				
Column A-Reimbursement Requested Through	\$ -	\$ 13,577	\$ 13,577	To reconcile with compiled report
Auglaize County				
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 195	\$ 20,005	\$ 20,200	To reclassify non-federal reimbursable costs
		\$ 54,952	\$ 75,152	To reclassify non-federal reimbursable costs
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 58,754	\$ (1,933)	\$ 56,821	To remove transfers incorrectly reported
15. Direct Costs (O) Non-Federal Reimbursable	\$ 75,333	\$ (54,952)	\$ 20,381	To reclassify non-federal reimbursable costs
		\$ (15,839)	\$ 4,542	To agree to compiled report
		\$ (2,447)	\$ 2,095	To allocate MUI salaries
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 13,155	\$ 272	\$ 13,427	To agree to compiled report
Darke County				
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 480	\$ 1,363	\$ 1,843	To reclassify non-federal reimbursable costs
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 29,362	\$ (175)	\$ 29,187	To reclassify psychology services
		\$ (2,800)	\$ 26,387	To reclassify psychology services
15. Indirect Costs (M) Family Support Services				
15. Direct Costs (O) Non-Federal Reimbursable	\$ 4,542	\$ 620	\$ 5,162	To allocate MUI salaries
Worksheet 7-D				
20. Psychology (L) Community Residential	\$ -	\$ 175	\$ 175	To reclassify psychology services
		\$ 2,800	\$ 2,975	To reclassify psychology services
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 13,155	\$ (560)	\$ 12,595	To agree to compiled report

Appendix A (page 2)
 West Central Ohio Network
 2013 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Hardin County				
Schedule A				
1. Room and Board /Costs to Live (L) Community Residential	\$ 20,286	\$ 10,100		To reclassify room/board costs
		\$ 4,895	\$ 35,281	To reclassify room/board costs
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 174	\$ 5,478		To reclassify non-federal reimbursable costs
		\$ 16,989	\$ 22,641	To reclassify non-federal reimbursable costs
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 17,188	\$ (2,005)	\$ 15,183	To agree to compiled report
15. Indirect Costs (M) Family Support Services	\$ 31,104	\$ (10,100)		To reclassify room/board costs
		\$ (4,895)	\$ 16,109	To reclassify room/board costs
15. Direct Costs (O) Non-Federal Reimbursable	\$ 21,531	\$ (16,989)		To reclassify non-federal reimbursable costs
		\$ (2,672)	\$ 1,870	To allocate MUI salaries
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 13,155	\$ 4,436	\$ 17,591	To agree to compiled report
Logan County				
Schedule A				
1. Room and Board /Costs to Live (L) Community Residential	\$ 9,756	\$ (4,000)	5,756	To reclassify direct services costs
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 306	\$ 4,290	\$ 4,596	To reclassify non-federal reimbursable costs
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 35,014	\$ (1,651)		To agree to compiled report
		\$ (350)		To reclassify psychology services
		\$ 4,000		To reclassify direct services costs
		\$ (2,800)	\$ 34,213	To reclassify psychology services
15. Indirect Costs (M) Family Support Services	\$ 25,515	\$ (186)		To agree to compiled report
		\$ (93)	\$ 25,236	To reclassify physical therapy costs
15. Direct Costs (O) Non-Federal Reimbursable	\$ 4,542	\$ (1,250)	\$ 3,292	To allocate MUI salaries
Worksheet 7-D				
20. Psychology (L) Community Residential	\$ -	\$ 350		To reclassify psychology services
		\$ 2,800	\$ 3,150	To reclassify psychology services
Worksheet 7-F				
22. Physical Therapy (M) Family Support Services	\$ -	\$ 93	\$ 93	To reclassify physical therapy costs
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 13,155	\$ (2,538)	\$ 10,617	To agree to compiled report
Mercer County				
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 306	\$ 2,911	\$ 3,217	To reclassify non-federal reimbursable costs
Worksheet 5				
15. Indirect Costs (M) Family Support Services	\$ 20,712	\$ (514)		To remove transfers
		\$ (896)	\$ 19,302	To remove transfers
15. Direct Costs (O) Non-Federal Reimbursable	\$ 4,542	\$ (1,250)	\$ 3,292	To allocate MUI salaries
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 13,155	\$ (1,393)	\$ 11,762	To agree to compiled report

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 West Central Ohio Network
 2013 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Miami County				
Schedule A				
1. Room and Board /Costs to Live (L) Community Residential	\$ 28,979	\$ 5,651		To reclassify room/board costs
		\$ 58,993	\$ 93,623	To reclassify room/board costs
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ -	\$ 10,669	\$ 10,669	To reclassify non-federal reimbursable costs
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 464,084	\$ (3,453)		To agree to compiled report
		\$ (5,651)		To reclassify room/board costs
		\$ (58,993)		To reclassify room/board costs
		\$ (13,391)	\$ 382,596	To reclassify facility based services
15. Indirect Costs (M) Family Support Services	\$ 47,622	\$ (200)		To reclassify psychology services
		\$ (7,500)	\$ 39,922	To reclassify psychology services
Worksheet 7-D				
20. Psychology (L) Community Residential	\$ -	\$ 200		To reclassify psychology services
		\$ 7,500	\$ 7,500	To reclassify psychology services
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 46,159	\$ (10,962)	\$ 35,197	To agree to compiled report
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 1,338	\$ 13,391	\$ 14,729	To reclassify adult service costs
Preble County				
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 647	\$ 7,361		To reclassify non-federal reimbursable costs
		\$ 64,653	\$ 72,661	To reclassify non-federal reimbursable costs
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 4,641	\$ (1,594)		To agree to compiled report
		\$ 6,085	\$ 9,132	To reclassify community residential costs
15. Indirect Costs (M) Family Support Services	\$ 74,558	\$ (24,978)		To remove alternative placement costs
		\$ (540)		To reclassify psychology services
		\$ (2,275)		To reclassify psychology services
		\$ (6,085)		To reclassify community residential costs
		\$ (3,791)		To reclassify speech costs
		\$ (1,949)	\$ 34,940	To reclassify OT costs
15. Direct Costs (O) Non-Federal Reimbursable	\$ 69,195	\$ (64,653)		To reclassify non-federal reimbursable costs
		\$ 2,416	\$ 6,958	To allocate MUI salaries
Worksheet 7-C				
19. Speech/Audiology (M) Family Support Services	\$ -	\$ 3,791	\$ 3,791	To reclassify OT costs
Worksheet 7-D				
20. Psychology (L) Community Residential	\$ -	\$ 540		To reclassify psychology services
		\$ 2,275	\$ 2,815	To reclassify psychology services
Worksheet 7-E				
21. Occupational Therapy (M) Family Support Services	\$ -	\$ 1,949	\$ 1,949	To reclassify OT costs
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 13,155	\$ 1,209	\$ 14,364	To agree to compiled report

Appendix A (page 4)
 West Central Ohio Network
 2013 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Shelby County				
Schedule A				
1. Room and Board /Costs to Live (L) Community Residential	\$ 9,603	\$ 8,990	\$ 18,593	To reclassify room/board costs
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 522	\$ 13,127	\$ 13,649	To reclassify non-federal reimbursable costs
Worksheet 5				
15. Indirect Costs (M) Family Support Services	\$ 61,292	\$ (8,990)		To reclassify room/board costs
		\$ (7,780)		To remove alternative placement costs
		\$ (675)	\$ 43,847	To reclassify psychology services
15. Direct Costs (O) Non-Federal Reimbursable	\$ 4,542.0	\$ 1,069	\$ 5,611	To allocate MUI salaries
Worksheet 7-D				
20. Psychology (M) Family Support Services	\$ -	\$ 675	\$ 675	To reclassify psychology services
Union County				
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ -	\$ 6,004	\$ 6,004	To reclassify non-federal reimbursable costs
Worksheet 5				
15. Direct Services (B) Pre-School	\$ 734	\$ (28)	\$ 706	To agree to compiled report
15. Direct Services (C) School Age	\$ -	\$ 28	\$ 28	To agree to compiled report
15. Direct Services (L) Community Residential	\$ 104,083	\$ (1,078)		To agree to compiled report
		\$ (3,870)		To reclassify transportation and adult service costs
		\$ (13,748)	\$ 85,387	To reclassify transportation and adult service costs
15. Direct Services (M) Family Support Services	\$ 131,180	\$ (2,000)		To reclassify speech costs
		\$ (3,255)		To reclassify counseling costs
		\$ (588)	\$ 125,337	To reclassify speech costs
Worksheet 7-C				
19. Speech/Audiology (M) Family Support Services	\$ -	\$ 2,000		To reclassify speech costs
		\$ 588	\$ 2,588	To reclassify speech costs
Worksheet 7-G				
23. Social Work/Counseling (M) Family Support Services	\$ -	\$ 3,255	\$ 3,255	To reclassify counseling costs
Worksheet 8				
25. Transportation (E) Facility Based Services	\$ -	\$ 818		To reclassify transportation costs
		\$ 2,868	\$ 3,686	To reclassify transportation costs
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 13,155	\$ 9,536	\$ 22,691	To agree to compiled report
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 483	\$ 3,052		To reclassify adult service costs
		\$ 10,880	\$ 14,415	To reclassify adult service costs



Dave Yost • Auditor of State

WEST CENTRAL OHIO NETWORK COUNCIL OF GOVERNMENT

SHELBY 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 8, 2015**