



Dave Yost • Auditor of State



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Independent Accountants' Report on Applying Agreed-Up Procedures

Ohio Department of Developmental Disabilities
30 East Broad Street
Columbus, Ohio 43215

We have performed the procedures enumerated below, with which the Ohio Department of Developmental Disabilities (DODD) agreed, solely to assist DODD in evaluating whether The Employment Connection (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*¹ for the year ended December 31, 2015 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 DODD 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 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.

Trial Balance and Non-Payroll Expenditures

1. We compared the COG's disbursements on the General Ledger and Crosswalk 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* to identify variances greater than \$250 for total service contracts, other expenses and COG expenses on any worksheet.

We reported variances in Appendix A.

2. We compared total COG non-payroll disbursements on the General Ledger report to 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* to determine if non-payroll costs were reported within two percent.

We found no differences exceeding two percent.

3. We scanned the COG's General Ledger report and judgmentally selected 20 non-payroll disbursements from the service contracts, other expenses and COG expense 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, the costs were allowable and properly classified according to the Cost Report Guides and 2 CFR 225 and identified any variances not classified as prescribed by the Cost Report Guide or costs which are non-federal reimbursable under 2 CFR 225 Appendix B and over \$250.

¹ The COG recorded receipts and disbursements and prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following county boards of developmental disabilities: Fairfield, Hocking and Perry.

Trial Balance and Non-Payroll Expenditures (Continued)

We reported misclassified costs in Appendix A.

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 noted Bridges to Transition Program costs reported as Supported Employment – Community Employment on *Worksheet 10* of the Fairfield, Hocking and Perry *County Summary Workbooks* that lacked corresponding statistics and should also be reported on *Schedule a1, Adult Program* of the member County Board's Cost Reports as revenue offsets in accordance with the Cost Report Guides.

We also noted transit costs reported on *Worksheet 8* of Hocking County Summary Workbooks which the County Board should report on *Schedule B-3, Quarterly Summary of Transportation Services* in its 2015 Cost Report. In addition, we noted Community Employment costs reported on *Worksheet 10* of Hocking County Summary Workbooks and these County Boards should report corresponding statistics on *Schedule B-1* of their 2015 Cost Reports.

4. We scanned the COG's General Ledger report for items purchased during 2015 that met the COG's capitalization criteria.

We found no unrecorded capital purchases.

Payroll Testing

1. We compared the COG's payroll disbursements on the General Ledger and Payroll Crosswalk reports to salaries and benefits reported on the Cost Report and the *County Summary Workbooks* to determine if payroll costs were reported within two percent.

We found no differences exceeding two percent.

2. We scanned the COG's Payroll Crosswalk report and organizational chart 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 reported differences in Appendix A.

Property, Depreciation and Asset Verification Testing

1. DODD asked that we compare all depreciation entries on *Worksheet 1, Capital Costs* to the COG's Depreciation Schedule to report any variances exceeding \$250.

We did not perform this procedure as the COG had no depreciation schedule, reported no depreciation costs on *Worksheet 1* and stated it had no fixed assets.

2. DODD asked that we compare the COG's final 2014 Depreciation Schedule and prior year depreciation adjustments to the COG's 2015 Depreciation Schedule for changes in the depreciation amounts for assets purchased prior to the periods under review, depreciation taken on the same asset more than once, assets that have been fully depreciated in prior years, or depreciation taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides to identify any cell variances greater than \$250.

Property, Depreciation and Asset Verification Testing (Continued)

We did not perform this procedure (see above).

3. DODD asked that we haphazardly select the lesser of 10 of the COG's fixed assets or 10 percent of items which met the COG's capitalization policy and were being depreciated in their first year in 2015 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2013 AHA Asset Guides. DODD also asked us to recompute 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 and AHA Asset Guide to identify any variances.

We did not perform this procedure (see above).

4. DODD asked that we haphazardly select the lesser of 10 percent or 10 disposed assets in 2015 from the COG's list of disposed assets and determine if the asset was removed from the COG's fixed asset ledger. DODD asked that we recalculate depreciation and any gain or loss applicable to 2015 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 and identify any variances.

We did not perform this procedure (see above).

Medicaid Administrative Claiming (MAC)

1. DODD asked that we compare the MAC salary and benefits versus the COG's payroll report and determine if MAC salary and benefits were greater by more the one percent.

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

2. DODD asked that we compare the MAC RMTS report to lines 1 and 2 of *Worksheet 4, Medicaid Administrative Claiming*.

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

3. DODD asked that we select 10 RMTS observed moments and 10 percent of any RMTS moments above that amount that were completed by employees of the COG from the DODD RMTS Participant Moments Question and Answer report for the 3rd quarter of 2015. DODD asked that we determine if supporting documentation was maintained and properly classified in accordance with DODD's Guide to Medicaid Administrative Claiming (MAC) using the Random Moment Time Studies (RMTS) Methodology for 2012.

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

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the COG's 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 Accountants' Report on
Applying Agreed-Upon Procedures

This report is intended solely for the use of the managements of the COG, 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

October 20, 2016

Appendix A
The Employment Connection
2015 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
The Employment Connection				
Schedule A				
1. Fairfield, Summary Sheet Lines 13-27	\$ 197,947	\$ 12,448	* \$ 210,395	See * footnote below
2. Hocking, Summary Sheet Lines 13-27	\$ 188,866	\$ (25,544)	* \$ 163,322	See * footnote below
3. Perry, Summary Sheet Lines 13-27	\$ 141,232	\$ (11,770)	* \$ 129,462	See * footnote below
Worksheet 2				
4. Other Expenses (A) Cost	\$ 68,332	\$ 6,119		To reclassify admin costs and expenses that were on behalf of all member County Boards
		\$ 278		To reclassify expenses that were on behalf of all member County Boards
		\$ 10,381		To reclassify admin costs and expenses that were on behalf of all member County Boards
		\$ 1,283		To reclassify admin costs and expenses that were on behalf of all member County Boards
		\$ 4,398		To reclassify admin costs and expenses that were on behalf of all member County Boards
		\$ 34	\$ 90,825	To reclassify expenses that were on behalf of all member County Boards
Fairfield County				
Worksheet 2				
10. Indirect Costs (E) Facility Based Services	\$ 11,039	\$ 912	* \$ 11,951	See * footnote below
10. Indirect Costs (G) Community Employment	\$ 89,314	\$ 20,033	* \$ 109,347	See * footnote below
10. Indirect Costs (Z) Total	\$ 100,353	\$ 20,945	* \$ 121,298	See * footnote below
Worksheet 3				
12. Building Services (E) Facility Based Services	\$ 947	\$ (1)	* \$ 946	See * footnote below
12. Building Services (G) Community Employment	\$ 7,659	\$ 993	* \$ 8,652	See * footnote below
12. Building Services (Z) Total	\$ 8,606	\$ 992	* \$ 9,598	See * footnote below
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 21,774	\$ (16,102)		To reclassify Fairfield Bridges employees
		\$ (1,283)		To reclassify admin costs and expenses that were on behalf of all member County Boards
		\$ (12)		To remove transfer of funds
		\$ (337)		To reclassify Hocking County Board expenses
		\$ (34)		To reclassify expenses that were on behalf of all member County Boards
		\$ 16,724	\$ 20,730	To reclassify Art Coordinator
27. Direct Services (G) Community Employment	\$ 176,172	\$ (1,885)		To match general ledger
		\$ (10,381)		To reclassify admin costs and expenses that were on behalf of all member County Boards
		\$ (2,725)		To reclassify Hocking County Board expenses
		\$ (97)		To remove transfer of funds
		\$ (278)		To reclassify expenses that were on behalf of all member County Boards
		\$ 16,102		To reclassify Fairfield Bridges employees
		\$ (16,724)		To reclassify Art Coordinator
		\$ 29,480	\$ 189,664	To reclassify Fairfield VR Coordinator
Hocking County				
Worksheet 2				
10. Indirect Costs (G) Community Employment	\$ 95,749	\$ (1,590)	* \$ 94,159	See * footnote below
10. Indirect Costs (Z) Total	\$ 95,749	\$ (1,590)	* \$ 94,159	See * footnote below
Worksheet 3				
12. Building Services (G) Community Employment	\$ 8,211	\$ (761)	* \$ 7,450	See * footnote below
12. Building Services (Z) Total	\$ 8,211	\$ (761)	* \$ 7,450	See * footnote below

Appendix A (Page 2)
 The Employment Connection
 2015 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Hocking County (Continued)				
Worksheet 10				
27. Direct Services (G) Community Employment	\$ 183,683	\$ (281)		To match general ledger
		\$ 2,725		To reclassify Hocking County Board expenses
		\$ 337		To reclassify Hocking County Board expenses
		\$ (57)		To remove transfer of funds
		\$ 1,155		To reclassify Hocking County Board expenses
		\$ (6,119)		To reclassify admin costs and expenses that were on behalf of all member County Boards
		\$ 6,176		To reclassify Hocking Bridges Transition Specialist
		\$ (29,480)	\$ 158,139	To reclassify Fairfield VR Coordinator
Perry County				
Worksheet 2				
10. Indirect Costs (G) Community Employment	\$ 71,600	\$ 3,038	* \$ 74,638	See * footnote below
10. Indirect Costs (Z) Total	\$ 71,600	\$ 3,038	* \$ 74,638	See * footnote below
Worksheet 3				
12. Building Services (G) Community Employment	\$ 6,140	\$ (234)	* \$ 5,906	See * footnote below
12. Building Services (Z) Total	\$ 6,140	\$ (234)	* \$ 5,906	See * footnote below
Worksheet 10				
27. Direct Services (G) Community Employment	\$ 141,232	\$ (6,176)		To reclassify Hocking Bridges Transition Specialist
		\$ (1,155)		To reclassify Hocking County Board expenses
		\$ (41)		To remove transfer of funds
		\$ (4,398)	\$ 129,462	To reclassify admin costs and expenses that were on behalf of all member County Boards

* These are not adjustments found as a direct result of the agreed-upon procedures (AUP) performed, but are a function of how costs are calculated and flow down from *Schedule A* and *Schedule B* of the COG Cost Report to the *County Summary Workbooks* after AUP adjustments were made to *Worksheet 2* of the COG Cost Report.

Note: All member County Boards reported Bridges to Transition costs as Supported Employment - Community Employment on *Worksheet 10* without corresponding statistics. The same costs reported on the County Summary Workbooks must also be reported on *Schedule a1, Adult Program* of these County Board's Cost Reports, see also Trial Balance and Non-Payroll Expenditures section.



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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
NOVEMBER 22, 2016