



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
KNOX AND LICKING COUNTIES**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board Members
Community Mental Health and Recovery Board
Licking and Knox Counties
100 McMillen Drive
Newark Ohio, 43055

We have audited the accompanying financial statements of the Community Mental Health and Recovery Board, Licking and Knox Counties, Ohio (the Board) as of and for the year ended December 31, 2001. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Board prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserve for encumbrances of the Community Mental Health and Recovery Board, Licking and Knox Counties, as of December 31, 2001, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2002 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Board taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management, the Board and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

JIM PETRO
Auditor of State

September 26, 2002

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Taxes	\$2,789,620	\$0	\$2,789,620
Intergovernmental	7,891,143	0	7,891,143
Other Receipts	305,772	0	305,772
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	10,986,535	0	10,986,535
Cash Disbursements:			
Current:			
Salaries	482,080	0	482,080
Supplies	7,707	0	7,707
Equipment	7,126	0	7,126
Contracts - Repair	2,316	0	2,316
Contracts - Services	8,675,115	0	8,675,115
Contracts - Projects	0	86,080	86,080
Medicare	4,791	0	4,791
Rentals	21,027	0	21,027
Risk Management	13,027	0	13,027
Travel	14,638	0	14,638
Public Employee's Retirement	63,637	0	63,637
Worker's Compensation	2,129	0	2,129
Hospitalization	33,250	0	33,250
Utilities	19,705	0	19,705
Knox Levy Expenditures	539,732	0	539,732
Licking Levy Expenditures	1,448,025	0	1,448,025
Other	64,586	0	64,586
	<hr/>	<hr/>	<hr/>
Total Disbursements	11,398,891	86,080	11,484,971
Total Receipts Over/(Under) Disbursements	(412,356)	(86,080)	(498,436)
Other Financing Receipts/(Disbursements):			
Transfers-In	0	93,750	93,750
Transfers-Out	(93,750)	0	(93,750)
Reimbursements	220,923	0	220,923
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	127,173	93,750	220,923
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(285,183)	7,670	(277,513)
Fund Cash Balances, January 1	3,034,661	0	3,034,661
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$2,749,478</u>	<u>\$7,670</u>	<u>\$2,757,148</u>
Reserves for Encumbrances, December 31	<u>\$413,961</u>	<u>\$1,208</u>	<u>\$415,169</u>

The notes to the financial statements are an integral part of this statement.

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**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Community Mental Health and Recovery Board, Licking and Knox Counties, Ohio (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is made up of eighteen members and provides alcohol, drug addiction, and mental health services and programs to citizens of Knox and Licking counties. These services are provided primarily through contracts with private and public agencies.

The Licking County Auditor serves as fiscal agent for the Board.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

As required by Ohio Revised Code, the Board's cash is held by the Licking County Treasurer, who acts as custodian for the Board's money. The Board's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The Board uses fund accounting to segregate cash and investments that are restricted as to use. The Board classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Board had the following significant Capital Project Fund:

River Valley Fund – This fund was used for the expansion of the existing River Valley facility.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Board to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Board.

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,076,920	\$11,207,458	\$130,538
Capital Projects	0	93,750	93,750
Total	\$11,076,920	\$11,301,208	\$224,288

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$12,367,006	\$11,906,602	\$460,404
Capital Projects	600,000	87,288	512,712
Total	\$12,967,006	\$11,993,890	\$973,116

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Board.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

4. RETIREMENT SYSTEMS

The Board's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

4. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, PERS members contributed 8.5% of their gross salaries. The Board contributed an amount equal to 13.55% of participants' gross salaries. The Board has paid all contributions required through December 31, 2001.

5. RISK MANAGEMENT

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

The Board also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

7. LOANS

During the year, the Board authorized loans to provider agencies. A summary of the loans authorized for the year ended December 31, 2001 follows:

<u>Agency</u>	<u>Loan Amount</u>	<u>Payments Received 2001</u>	<u>Balance at 12/31/2001</u>
The Main Place	\$84,274	\$0	\$84,274
LAPP	100,000	42,500	57,500
Moundbuilders	178,644	136,167	42,477
	<u>\$362,918</u>	<u>\$178,667</u>	<u>\$184,251</u>

A repayment plan has not been put in place for the loan to The Main Place or for the loan to Moundbuilders. The loan to LAPP is being paid back monthly by means of the Board reducing their monthly disbursements to LAPP by \$8,500 for 11 months and by \$6,500 in the twelfth and final month.

8. SUBSEQUENT EVENTS

During fiscal 2002, the Board authorized two additional loans to Moundbuilders totaling \$302,906 and to the Spencer House for \$25,000.

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Safe and Drug-Free Schools and Communities State Grant	DFS-P-01 & 02	84.186	\$ 195,554
Total U.S. Department of Education			<u>195,554</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Mental Health:</i>			
Block Grant for Community Mental Health Services	BG-01 & 02	93.958	292,323
Social Services Block Grant	-	93.667	176,677
Medical Assistance Program	-	93.778	2,298,273
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Block Grant for Prevention and Treatment of Substantive Abuse	P-01 & 02	93.959	812,142
Medical Assistance Program	-	93.778	235,432
Total U.S. Department of Health and Human Services			<u>3,814,847</u>
Total Expenditures of Federal Awards			<u>\$ 4,010,401</u>

The accompanying notes to this schedule are an integral part of this schedule.

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Board's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The Board passes through certain Federal assistance received from the Ohio Department of Alcohol & Drug Addiction Services and the Ohio Department of Mental Health to other governments or not-for-profit agencies (subrecipients). As described in Note A, the Board records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Government is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the Board contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Board Members
Community Mental Health and Recovery Board
Licking and Knox Counties
100 McMillen Drive
Newark, Ohio 43055

We have audited the financial statements of the Community Mental Health and Recovery Board, Licking and Knox Counties, Ohio (the Board) as of and for the year ended December 31, 2001, and have issued our report thereon dated September 26, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Board in a separate letter dated September 26, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-60645-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Board Members
Community Mental Health and Recovery Board
Licking and Knox Counties
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of the finance committee, management, the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

JIM PETRO
Auditor of State

September 26, 2002



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board Members
Community Mental Health and Recovery Board
Licking and Knox Counties
100 McMillen Drive
Newark, Ohio 43055

Compliance

We have audited the compliance of the Community Mental Health and Recovery Board, Licking and Knox Counties, Ohio (the Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2001-60645-002.

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Board's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings as item *2001-60645-003*.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information and use of the finance committee, management, the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



JIM PETRO
Auditor of State

September 26, 2002

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Medical Assistance Program - CFDA # 93.778 SAPT Block Grant - CFDA # 93.959
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2001-60645-001

Loans to Provider Agencies

During the year, the Board authorized \$362,918 in loans to provider agencies. Repayment plans for loans issued to the Main Place and Moundbuilders have not been put in place to ensure systematic repayment in a timely manner.

There appears to be no statutory authority that would allow the Board to make such loans to provider agencies. The Board runs the risk of losing agency funds if a provider agency fails to make repayment or discontinues operations. There is also increased risk that provider agencies may overstate billings in order to more quickly offset the debt and increase cash flow.

The Board should consult with their legal counsel to establish the legality of these loans and review the risks associated with such transactions. A written legal opinion should be obtained.

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2001
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

1. Timely Payment Remittance – Cash Management

Finding Number	2001-60645-002
CFDA Title and Number	Medical Assistance Program - # 93.778
Federal Award Number / Year	Fiscal Years 2001 and 2002
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Mental Health, and Ohio Department of Alcohol and Drug Addiction Services

Effective January 1, 2000, Contract B, Section(C)(1) interpretation from the Directors of the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) and Ohio Department of Mental Health (ODMH) requires the Board to pay Medicaid providers within thirty (30) days of the issuance of the Electronic Remittance Advice by ODADAS or ODMH.

Payments to providers for forty percent of Medicaid expenditures tested were made after the thirty day period. The Board should ensure that all Medicaid providers are paid within thirty days of receipt by ODADAS and ODMH.

2. Federal Awards Expenditures

Finding Number	2001-60645-003
CFDA Title and Number	Medical Assistance Program - # 93.778 Block Grant for Prevention and Treatment of Substantive Abuse - #93.959
Federal Award Number / Year	Fiscal Years 2001 and 2002
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Mental Health, and Ohio Department of Alcohol and Drug Addiction Services

Circular A-133 §. --- 300(a) requires the Board to identify federal program receipts and expenditures by program type, and source for the entity's fiscal year. The Board reports internally to the State of Ohio on a June 30 fiscal year basis. Although records are maintained internally on a June 30 basis, federal program expenditure transactions by program type could not be readily identified on a calendar year basis, which is the Board's external reporting period. As a result, the Board had to hire consultants to compile a summary of federal expenditures in order to assure the completeness and accuracy of the federal schedule on a calendar year basis.

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2001
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

2. Federal Awards Expenditures (Continued)

An internal accounting system to account for all expenditures by program type and source must be developed to report on the Board's external reporting period, which is a calendar year basis. This would enable the Board to ensure that all expenditures, specifically federal, were properly accounted for on and ensure compliance with applicable laws, regulations, contracts and grants. The lack of a proper internal accounting system for grant activity could result in a loss of future federal funding. Monthly activity should be reconciled with the records maintained by the Board's fiscal agent, the Licking County Auditor, and should be reviewed and approved by the Board.

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-60645-001	Internal Expenditure Reports	No	Reissued as finding number 2001-60645-003



STATE OF OHIO
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Telephone 614-466-4514
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Facsimile 614-466-4490

COMMUNITY MENTAL HEALTH AND RECOVERY BOARD

LICKING 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 7, 2002**