



**HEARTLAND BEHAVIORAL HEALTHCARE
SUMMIT COUNTY WITHOUT WALLS
COMMUNITY SUPPORT NETWORK**

AGREED UPON PROCEDURES

**FOR THE COST REPORTING PERIOD
JULY 1, 2007 THROUGH JUNE 30, 2008
AND
JULY 1, 2008 THROUGH JUNE 30, 2009**



Dave Yost • Auditor of State

**HEARTLAND BEHAVIORAL HEALTHCARE
SUMMIT COUNTY WITHOUT WALLS
COMMUNITY SUPPORT NETWORK**

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Independent Accountants' Report on Applying Agreed-Upon Procedures

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As required by Ohio Admin. Code Section 5122-26-19 the Auditor of State's Office (AOS) performed the procedures enumerated below, codified in Ohio Admin. Code Section 5122-26-19.1, Appendix A, Part G to which the Ohio Department of Mental Health (ODMH) also agreed. These procedures are designed to assist you in evaluating whether Heartland Behavioral Healthcare: Summit County Without Walls Community Support Network (hereafter referred to as Summit WOW) prepared its Actual Uniform Cost Report (AUCR) for the periods July 1, 2007 through June 30, 2008 and July 1, 2008 through June 30, 2009, in accordance with the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19 and to assist you in evaluating whether expenditure transactions complied with 2 CFR Part 225 (OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*), and other compliance requirements described in the procedures below. Summit WOW'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 ODMH. 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.

Throughout this report we identified and documented any variance greater than plus or minus two percent as material and obtained management's explanation of the variance(s) for inclusion in this agreed-upon procedures report. Our procedures and findings are as follows:

I. Mathematical Accuracy Testing

1.) We compared total disbursements on the FIN103 Expenditures by Department ID and Account report to total disbursements reported on Summit WOW AUCRs during State Fiscal Years (SFY) ending June 30, 2008 and June 30, 2009.

Ohio Admin. Code Section 5122-26-19(B) requires each CSN to prepare its AUCR in accordance with accounting principles generally accepted in the United States of America. However, the AUCRs reviewed for Summit County WOW were prepared on a cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The AUCR omits accrued expenses that, while we presume to be material, the effect upon our testing of the procedures could not be determined.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2a.) We compared the sum of the totals reported on the AUCR for personnel and non-personnel costs with the amount reported on the AUCR for the total costs of each service.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2b.) We compared the sum of the reported service total costs and allocation of administrative overhead from the AUCR with the value reported on the AUCR for total costs of each service.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2c.) We compared the result of total costs divided by the number of units from the AUCR with the cost per unit reported on the AUCR for each service.

We found that Summit WOW did not use the costs per unit formula in the AUCR template and manually entered a cost per unit rate in the Allowable Cost/Unit in Column 12 of the AUCR. We calculated costs per unit for SFY 2008 and 2009 Summit WOW and listed below those services with a variance of greater than plus or minus two percent of reported costs per unit:

SFY 2008	Original AUCR	Calculated	Unit Rate
Service	Cost/Unit	Cost/Unit	Variance
Community Psychiatric Individual Therapy	\$21.33	\$27.81	\$6.48
Other MH Svc	\$85.33	\$77.01	\$8.32
Other MH Svc (Wraparound)	\$85.33	\$78.76	\$6.57

SFY 2009	Original AUCR	Calculated	Unit Rate
Service	Cost/Unit	Cost/Unit	Variance
Community Psychiatric Individual Therapy	\$21.33	\$42.97	\$21.64
Other MH Svc	\$85.33	\$127.71	\$42.38
Other MH Svc (Wraparound)	\$85.33	\$158.25	\$72.92

The above variances did not result in any additional adjustments to Appendix A and B. We recommended to Summit WOW that the formula be reinserted into the final revised AUCR. Summit WOW responded that the amount they entered was the Medicaid ceiling rate for each respective service and they would reinsert the formula into Column 12 for each service on the final revised AUCR.

2d.) We compared the difference of the value reported for total costs less unallowable costs from the AUCR with the value reported for total allowable costs on the AUCR for each service.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2e.) We compared the result of reported allowable costs divided by the number of units served from the AUCR with the allowable cost per unit reported on the AUCR for each service.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2f.) We compared the sum of the amount reported in each column, from the number of full-time equivalents (FTEs) assigned to the total allowable costs from the AUCR, with the total mental health services reported on the AUCR under each corresponding column.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2g.) We compared the sum of the values reported under total mental health services, the values reported in the total agency service total and administrative overhead from the AUCR with the agency total costs reported on the AUCR under each corresponding column.

We found no differences for SFY 2008 and 2009 exceeding two percent.

II. Personnel Costs

1.) We compared total salaries, wages, and fringe benefits on the Ohio Administrative Knowledge System (OAKS) Recap by Staff by Cost Center report to total personnel costs reported on both Heartland

Behavioral Healthcare CSN AUCRs during SFY 2008 and 2009 (Medina CFIT and Summit WOW).

We found no differences for SFY 2008 and 2009 exceeding two percent.

2.) From the personnel costs reported on the AUCRs, we selected five employees for the pay period ending June 7, 2008 and five employees for the pay period ending June 6, 2009 whose personnel costs roll-up to those costs. We performed the following procedures on these samples by inspecting the supporting documentation (e.g., Recap by Cost Center Report, job descriptions, etc.).

2a.) We determined if supporting documentation for personnel costs was maintained as required by 2 CFR 225 (OMB Circular A-87, Appendix A, (C) (1)(J)) and properly classified as allowable or unallowable as defined in sections (1) and (2) of paragraph (H) of Ohio Admin. Code Section 5122-26-19.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2b.) For any unallowable personnel disbursements we reviewed the AUCR to determine if they were included in unallowable costs.

We found no unallowable personnel disbursements for SFY 2008 and 2009.

2c.) For any unallowable personnel disbursements we determined if they were allocated on the Budgeted Uniform Cost Report (BUCR) using the same cost methodology as they were allocated on the AUCR (e.g., number of FTEs).

We found no unallowable personnel disbursements for SFY 2008 and 2009.

2d.) We reviewed supporting documentation to determine if personnel costs were properly allocated as direct service or support service costs and to the appropriate service(s) (e.g., pharmacological management) in accordance with the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

We found no differences for SFY 2008 and 2009.

III. Non-Personnel Costs

1.) From the non-personnel costs reported on the AUCR, we haphazardly (as defined in the American Institute of Certified Public Accountants audit sampling guide) selected 17 and six non-personnel disbursements in SFY 2008 and SFY 2009, respectively. We performed the following procedures on each selected disbursement:

1a.) We determined if each disbursement was properly classified as allowable or unallowable as defined in sections (1) and (2) of paragraph (H) of Ohio Admin. Code Section 5122-26-19 and 2 CFR Part 225, Appendix A, (C)(1)(j) and Appendix B.

We found one disbursement in SFY 2008, totaling \$624, was not adequately documented as required by 2 CFR Part 225, Appendix A, Section (C)(1)(j). We reported this variance in Appendix A (2008)

We found no differences for SFY 2009.

1b.) We determined if the allocation method(s) used for the tested non-personnel disbursements complied with the procedures outlined in the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

We found no differences in SFY 2008 and 2009.

1c.) For any unallowable non-personnel disbursements we determined if they were allocated on the Budgeted Uniform Cost Report (BUCR) using the same cost methodology as they were allocated on the AUCR (e.g., number of FTEs).

Schedule A-3 Non-Personnel Costs for SFY 2008 and 2009 BUCR was unavailable and could not be examined.

IV. Administrative Overhead Costs

1.) From the administrative overhead costs reported on the AUCR, we haphazardly (as defined in the American Institute of Certified Public Accountants audit sampling guide) selected 26 and 27 non-personnel disbursements for SFY 2008 and SFY 2009, respectively.

We performed the following procedures on each selected disbursement:

1a.) We determined if each disbursement was properly classified as allowable or unallowable as defined in sections (1) and (2) of paragraph (H) of Ohio Admin. Code Section 5122-26-19 and 2 CFR Part 225, Appendix A, (C)(1)(j) and Appendix B.

2008 Results:

Three disbursements in the amount of \$21,452 were not adequately documented as required by 2 CFR Part 225, Appendix A, Section (C)(1)(j) in SFY 2008.

We calculated the portion of these unallowable administrative overhead disbursements allocated to Summit WOW as \$143 in SFY 2008. The unallowable administrative overhead disbursements identified for SFY 2008 were not properly classified as unallowable costs on the AUCR; therefore, we reported these variances in Appendix A (2008).

2009 Results:

Three disbursements in the amount of \$1,267 were not adequately documented as required by 2 CFR Part 225, Appendix A, Section (C)(1)(j) in SFY 2009.

We calculated the portion of these unallowable administrative overhead disbursements allocated to Summit WOW in SFY 2009 and it did not exceed two percent; therefore, no variances were reported in Appendix B (2009).

1b.) We determined if the allocation method(s) used for the tested administrative overhead disbursements were allocated using only one of the allowable methods described in the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

We found that on the *Line Item Schedule* Summit WOW allocated hospital administrative overhead costs of Heartland Behavioral Healthcare using 11.7% of Summit WOW's total CSN service costs in SFY 2008 and 10.6% in SFY 2009 (5% for wraparound services in both years) and was not based on actual hospital administrative overhead costs. We also found that Summit WOW used a percent of budget method to calculate four of the 10 administrative cost centers on the *Admin Overhead UCR worksheet* in SFY 2008 and 2009 that was part of the calculation of the 11.7% and 10.6%.

These allocation methods were not in compliance with the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19(E) which states in pertinent part, "At this point, decide which allocation base will be used for the distribution of all administrative overhead costs across all services being expensed. The only acceptable allocation bases are: Service Total Costs, (column 6 of the UCR); Direct

Service Personnel Costs, (column 4a of the UCR); Total Personnel Costs, (columns 4a plus 4b of the UCR); Total Direct Service FTEs (column 3a of the UCR); Total Direct and Support FTEs (columns 3a plus 3b of the UCR)." See Part III.E.3.

We recalculated administrative overhead costs using actual costs reported on the FIN103 Expenditures by Department ID and Account report to total disbursements report and allocated these costs to Medina CFIT for SFY 2008 and SFY 2009 based on their percentage of service total costs. We calculated the portion of these unallowable administrative overhead disbursements allocated to Summit WOW as \$4,450 in SFY 2008 and \$2,522 in SFY 2009. The unallowable administrative overhead disbursements identified for SFY 2008 and 2009 were not properly classified as unallowable costs on the AUCR; therefore, we reported these variances in Appendix A (2008) and Appendix B (2009).

1c.) For any unallowable administrative overhead costs we determined if they were allocated on the BUCR using the same cost methodology as they were allocated on the AUCR (e.g., number of FTEs).

Schedule A-4 Administrative Overhead Costs for SFY 2008 and 2009 BUCR was unavailable and could not be examined.

V. Units of Service

1.) We compared the number of units on the AUCR with the Summit WOW units of service cross tab report to determine if units were reported in compliance with the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

We found no differences in SFY 2008 exceeding two percent. The amount of community psychiatric supportive treatment (individual) units was understated by 136 units in SFY 2009. The amount of other mental health services non-healthcare (support for independent living) was understated by 14.3 units in SFY 2009. We reported these variances in Appendix B (2009).

2.) From and by each service with costs reported on the AUCR, we haphazardly (as defined in the American Institute of Certified Public Accountants audit sampling guide) selected 42 units of service for SFY 2008 and SFY 2009. We performed the following procedures on the selected units:

2a.) We determined if supporting documentation for the units of service was maintained as required by the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19 and met the service documentation requirements of Ohio Admin. Code Section 5101:3-27-07 and units of service conventions in Ohio Admin. Code Section 5101:3-27-05.

- Date of service;
- Duration of the service contact; and
- Unit of service convention (e.g., one hour of mental health assessment is one unit).

We found no differences for SFY 2008. We reported instances of non-compliance in the Recoverable Findings Schedules of this report for SFY 2009.

VI. BUCR to AUCR Comparison

1.) We compared each cost category on the BUCR against the AUCR and determined if the same cost methodology was used (e.g., number of FTEs).

Summit WOW's BUCR for SFY 2008 was unavailable and could not be examined. We did not identify any differences for SFY 2009 in *Schedule A-1, Uniform Cost Report*, *Schedule A-2 Personnel Service Costs*, *Schedule A-3 Non Personnel Service Costs*, and *Schedule A-4 Administrative Overhead Costs*

was unavailable for SFY 2009 BUCR and was not examined.

Recoverable Finding – 2009

Finding \$1,164.64

As described in **Units of Service** procedures in step 2a for SFY 2009, the Auditor of State determined the Summit WOW was over reimbursed for 24 units of community psychiatric supportive treatment (individual) service totaling \$1,002.51 and 1.9 units of other mental health services non-healthcare (support for independent living) units totaling \$162.13 in which Summit WOW could not provide supporting documentation for the service provided.

HCPCS Procedure Code	Units Delivered	Review Result	Amount Reimbursed
H0036	24	Lack of Documentation	\$1,002.51
M3141	1.9	Lack of Documentation	\$162.13 ¹
		Total reimbursed	\$1,164.64

On September 27, 2011, we held an exit conference with the Summit WOW. Summit WOW's response is included in Appendix A and B. We did not audit the response and, accordingly, we express no opinion on it.

This report is intended solely for the use of the managements of the ODMH and the Summit WOW and is not intended to be, and should not be used by anyone other than these specified parties.

Sincerely,



Dave Yost
Auditor of State

September 27, 2011

¹ Summit WOW was reimbursed \$162.13 by the Summit County Alcohol, Drug Addiction and Mental Health Board for other mental health services non-healthcare (support for independent living) units.

Appendix A
Summit WOW Community Support Network
For the AUCR Reporting Period from 7/01/2007 to 6/30/2008

2008 Worksheet/ Schedule	Reported Original Amount on AUCR	Adjustment (s) Required	Final Adjusted Amount	Explanation of Adjustment	CSN's Explanation of Error
Summit WOW CSN AUCR					
Schedule A-1					
Community Psychiatric Supportive Treatment (Ind.) (Ind. CSP)					
Column 10-Un-Allowable Costs	\$ -	\$ 5,350		To correct admin costs for unallowable methodology and using budgeted costs vs. actual	We continued to use the allocation method used by the previous cost report preparer.
		\$ 100		To correct unsupported admin costs	CSN cannot locate support.
		\$ 437	\$ 5,887	To correct unsupported nonpersonnel costs	CSN cannot locate support.
Other MH Svc., non-healthcare services					
Column 10-Un-Allowable Costs	\$ -	\$ 597		To correct admin costs for unallowable methodology and using budgeted costs vs. actual	We continued to use the allocation method used by the previous cost report preparer.
		\$ 11		To correct unsupported admin costs	CSN cannot locate support.
		\$ 49	\$ 657	To correct unsupported nonpersonnel costs	CSN cannot locate support.
Other MH Svc., non-healthcare services (Wraparound)					
Column 7-Allocation of Admin. Overhead	\$ 2,003	\$ 1,497	\$ 3,500	To correct admin costs for unallowable methodology and using budgeted costs vs. actual	We continued to use the allocation method used by the previous cost report preparer.
Column 10-Un-Allowable Costs	\$ -	\$ 32		To correct unsupported admin costs	CSN cannot locate support.
		\$ 139	\$ 171	To correct unsupported nonpersonnel costs	CSN cannot locate support.

Appendix B
Summit WOW Community Support Network
For the AUCR Reporting Period from 7/01/2008 to 6/30/2009

2009 Worksheet/ Schedule	Reported Original Amount on AUCR	Adjustment (s) Required	Final Adjusted Amount	Explanation of Adjustment	CSN's Explanation of Error
Summit WOW CSN AUCR					
Schedule A-1					
Community Psychiatric Supportive Treatment (Ind.) (Ind. CSP)					
Column 2-No. of Units	3,783	136	3,919	To correct units of service.	Units reported using numbers available at that time.
Column 10-Un-Allowable Costs	\$ -	\$ 3,515	\$ 3,515	To correct admin costs for unallowable methodology and using budgeted costs vs. actual	We continued to use the allocation method used by the previous cost report preparer.
Other MH Svc., non-healthcare services					
Column 2-No. of Units	138.6	14.3	152.9	To correct units of service.	Units reported using numbers available at that time.
Column 10-Un-Allowable Costs	\$ -	\$ 376	\$ 376	To correct admin costs for unallowable methodology and using budgeted costs vs. actual	We continued to use the allocation method used by the previous cost report preparer.
Other MH Svc., non-healthcare services (Wraparound)					
Column 7-\$ Allocation of Admin. Overhead	\$ 1,855	\$ 1,369	\$ 3,224	To correct admin costs for unallowable methodology and using budgeted costs vs. actual	We continued to use the allocation method used by the previous cost report preparer.



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**HEARTLAND BEHAVIORAL HEALTHCARE: SUMMIT COUNTY WITHOUT WALLS COMMUNITY
SUPPORT NETWORK**

SUMMIT 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
OCTOBER 11, 2011**