



**NORTHCOAST BEHAVIORAL HEALTHCARE
LAKE COUNTY COMMUNITY SUPPORT NETWORK**

AGREED UPON PROCEDURES

**FOR THE COST REPORTING PERIOD
JULY 1, 2010 THROUGH JUNE 30, 2011**



Dave Yost • Auditor of State

**NORTHCOAST BEHAVIORAL HEALTHCARE
LAKE COUNTY COMMUNITY SUPPORT NETWORK**

TABLE OF CONTENTS

Title	Page
Independent Accountants' Report	1
Appendix A: Actual Uniform Cost Report Adjustments – 2011	6

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

Dalon K. Myricks, Assistant Deputy Director & CFO
Ohio Department of Mental Health
30 East Broad Street, 11th Floor
Columbus, Ohio 43215-3430

Dear Mr. Myricks:

As required by Ohio Admin. Code § 5122-26-19 the Auditor of State's Office (AOS) performed the procedures enumerated below, codified in Ohio Admin. Code § 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 Northcoast Behavioral Healthcare: Lake County Community Support Network (hereafter referred to as Lake County CSN) prepared its Actual Uniform Cost Report (AUCR) for the periods July 1, 2010 through June 30, 2011, in accordance with the Uniform Cost Reporting Appendix to Ohio Admin. Code § 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. Lake County CSN'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 non-personnel disbursements on the FIN103 Expenditures by Department ID and Account report and allocated non-personnel disbursements from the FIN148 Accounts Payable Disbursement Detail report, plus total personnel costs (from Procedure 1 of Personnel Costs section) to total disbursements reported on Lake County CSN's AUCR for State Fiscal Year (SFY) ending June 30, 2011.

We found no differences exceeding two percent.

We did find that Ohio Admin. Code § 5122-26-19(B) and OMB Circular A-87, Appendix A, Part (C)(1)(g) require each CSN to prepare its AUCR in accordance with accounting principles generally accepted (GAAP) in the United States of America; however, the AUCRs reviewed for the CSN were prepared on a modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. For example, the AUCR includes payroll expenses from the pay period ending 6/19/2010 through 7/02/2011.

The CSN responded they are transitioning to report on the accrual basis in accordance with GAAP in SFY 2012.

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.

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.

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 no differences.

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.

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.

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.

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.

II. Personnel Costs

1.) We compared total salaries, wages, and fringe benefits for Lake County Direct CSN and Admin support employees on the Ohio Administrative Knowledge System (OAKS) HCM113 Civil Service Payroll Costs by CSN Inpatient, Employee and Dept ID reports and allocated hospital administrative personnel costs on the HCM113EXACC Civil Service Payroll Expenses by Chartfield and Account Category reports to total personnel costs reported on Lake County CSN's SFY 2011 AUCR.

We found no differences exceeding two percent.

2.) From the personnel costs reported on the AUCRs, we selected the yearly personnel costs for 10 employees for SFY 2011. We performed the following procedures on these samples by inspecting the supporting documentation (e.g., HCM113 Civil Service Payroll reports, 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 § 5122-26-19.

We found no differences.

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

We found \$18,131 in cost savings days that were allocated to CSN programs for unpaid employee furlough days in which there was not adequate supporting documentation to demonstrate a benefit to the CSN's programs; therefore, the cost was unallowable under 2 CFR Part 225, Appendix A, §§ (C)(3)(a) and (C)(1)(j). We reported this difference in Appendix A.

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 differences.

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 § 5122-26-19.

We found no differences.

III. Non-Personnel Costs

1.) From the non-personnel costs reported on the AUCR, we haphazardly selected 27 non-personnel disbursements in SFY 2011. 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 § 5122-26-19 and 2 CFR Part 225, Appendix A, (C)(1)(j) and Appendix B.

We found no differences.

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 § 5122-26-19.

We found no differences.

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).

We found no differences.

IV. Administrative Overhead Costs

1.) From the administrative overhead costs reported on the AUCR, we haphazardly selected four non-personnel disbursements for SFY 2011.

We found no differences.

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 § 5122-26-19 and 2 CFR Part 225, Appendix A, (C)(1)(j) and Appendix B.

We found no unallowable administrative overhead expenditures exceeding two percent.

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 § 5122-26-19.

We found no differences.

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).

We found no unallowable administrative overhead expenditures exceeding two percent.

V. Units of Service

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

We found no differences exceeding two percent.

2.) From and by each service with costs reported on the AUCR, we haphazardly selected 40 units for SFY 2011. 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 § 5122-26-19 and met the service documentation requirements of Ohio Admin. Code § 5101:3-27-02 and units of service conventions in Ohio Admin. Code § 5101:3-27-05.

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

We did not identify any differences.

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).

We did not identify any differences.

We received a response from officials to Procedure 1 of the Mathematical Accuracy Testing above. We did not audit the response and, accordingly, we express no opinion on it.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the CSN's AUCR. 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 CSN, ODMH, the Ohio Department of Job and Family Services, 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.

Sincerely,

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

Dave Yost
Auditor of State

November 1, 2012

cc: Tami Marinella, Business Administrator, Northcoast Behavioral Healthcare
Kevin Smith, Executive Director, Northcoast Behavioral Healthcare

Appendix A
Northcoast Behavioral Healthcare - Lake County Community Support Network
For the AUCR Reporting Period from 7/01/2010 to 6/30/2011

2011 Worksheet/Schedule	Reported Original Amount on AUCR	Adjustment (s) Required	Final Adjusted Amount	Explanation of Adjustment
Lake County CSN AUCR				
Schedule A-1				
Pharmacological Mgt. (Medication/Somatic)				
Column 10-Un-Allowable Costs	\$ -	\$ 1,204	\$ 1,204	To record CSD expense as Un-Allowable
Residential Care (Residential Treatment/Residential Support)				
Column 10-Un-Allowable Costs	\$ -	\$ 16,927	\$ 16,927	To record CSD expense as Un-Allowable
		\$ 18,131	\$ 18,131	



Dave Yost • Auditor of State

NORTHCOAST BEHAVIORAL HEALTHCARE: LAKE COUNTY COMMUNITY SUPPORT NETWORK

LAKE 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 20, 2012**