



Dave Yost • Auditor of State



**LAKE COUNTY BOARD OF DEVELOPMENTAL DISABILITIES**

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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, 13<sup>th</sup> Floor  
Columbus, Ohio 43215

Dear Ms. Schroeder:

As permitted by Ohio Rev. Code § 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 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 Lake County Board of Developmental Disabilities (County Board) prepared its *Income and Expenditure Report* for the years ended December 31, 2010 and 2011 (Cost Reports) in accordance with DODD's Guide to Preparing Income and Expenditure Reports for 2010 and 2011 (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 County Board'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.

The Auditor of State, under the same authority noted above, also performed the Acuity Testing procedures below for the 2008, 2009, 2010 and 2011 Cost Reports.

### **Statistics – Square Footage**

- 1 DODD requested that we tour the facilities to identify how space was used by County Board programs and to identify new, closed or empty buildings along with rented or idle space and, if final 2009 square footage totals are the same and no significant changes in the floor plan have occurred, to perform no additional procedures.

We toured the facilities to identify how space was used by County Board programs and to identify new, closed or empty buildings along with rented or idle floor space. We found no unreported rented or idle floor space.

We also compared the 2010 and 2011 square footage totals to final 2009 square footage totals and discussed square footage changes with the County Board. We noted significant changes have occurred and performed the procedures below.

The County Board provided explanations for the variances identified between 2009 and 2010 square footage which result in several reclassifications in 2010. We reported these differences in Appendix A.

**Statistics – Square Footage (Continued)**

2. DODD requested that we report variances if the County Board's square footage for three rooms varied by more than 10 percent of the square footage reported in the summary which rolls up to *Schedule B-1, Section A, Square Footage* of the Cost Reports.

We measured three rooms and compared the square footage to the County Board's square footage summary.

We found no square footage variances for rooms that were measured exceeding 10 percent.

3. DODD asked us to report variances if the County Board's square footage for one floor plan varied by more than 10 percent of the square footage reported in the summary which rolls up to *Schedule B-1, Section A, Square Footage*.

We compared square footage for each room on the Broadmoor School building's floor plan to the County Board's summary for each year.

We found no variances exceeding 10 percent.

4. DODD requested that we report variances if the County Board's square footage summary varied by more than 10 percent when comparing the County Board's summary to the Cost Report for any cell within *Schedule B-1, Section A, Square Footage*.

We compared the County Board's square footage summary to the square footage reported for each cell in *Schedule B-1, Section A, Square Footage*.

We found variances exceeding 10 percent as reported in Appendix A (2010). In 2011, we found no variances exceeding 10 percent.

5. We obtained the County Board's methodology for allocating square footage between programs and reviewed the methodology to ensure that square footage for areas shared by more than one type of service is allocated by program based on reported usage of the area in accordance with the Cost Report Guides.

We found no inconsistencies.

**Statistics – Attendance**

1. We reviewed the Cost Reports to determine if individuals served or units of service were omitted on *Schedule B-1, Section B, Attendance Statistics, Worksheet 4, or Worksheets 7A to 7H* which result in unassigned program or general expenses-all program costs.

We determined that there were no individuals served or units of service omitted on *Schedule B-1, Worksheet 4, or Worksheets 7A to 7H* which resulted in unassigned program or general expenses-all program costs. We found that individuals served reported on *Worksheet 7D, Psychological Services* in columns (A) Early Intervention, (B) Pre-School and (C) School Age resulted in incorrectly assigned costs from column (X) General Expense-All Programs to these programs. The County Board did not provide psychology services to these programs and as a result the individuals served were removed.

These revisions are reported in Appendix A (2010) and Appendix B (2011).

**Statistics – Attendance (Continued)**

2. DODD asked us to compare the County Board's final 2009 typical hours of service reported on *Schedule B-1, Section B, Attendance statistics* to the typical hours of service reported on *Schedule B-1* for 2010 and 2011 and, if the hours are the same, to do no additional procedures.

We compared the final 2009 typical hours of service to the typical hours of service reported on *Schedule B-1* for 2010 and 2011.

We found the reported typical hours of service for Facility Based Services changed in 2010 and 2011 and we compared the County Board's supporting documentation for typical hours of service to the typical hours of service reported on *Schedule B-1* for 2010 and 2011. We found differences as reported in Appendix A (2010) and Appendix B (2011).

We found no differences for Enclave.

3. DODD requested that we report variances if the Board's attendance statistics were not within two percent of the attendance statistics reported.

We compared the County Board's Facility Based Attendance by Acuity, Enclave Attendance and Community Employment Units of Service reports for the number of individuals served, days of attendance, and 15 minute units with similar information reported for Day Habilitation/Adult Day Services/Vocational Habilitation, Enclave and Community Employment on *Schedule B-1, Section B, Attendance Statistics* and determined if the statistics were reported in accordance with the Cost Report Guides. We also footed the County Board's reports on Attendance Statistics for accuracy.

We found no variances or computational errors exceeding two percent.

4. DODD asked us to report variances if the County Board's number of individuals served varied by more than 10 percent when comparing to the prior period's final attendance statistics on *Schedule B-1, Section B, Attendance Statistics*.

We compared the County Board's final 2009 number of individuals served to the final individuals served for Day Habilitation/Adult Day Services/Vocational Habilitation and Enclave for 2010 and then we compared the final 2010 individuals served to the final individuals served for 2011 on *Schedule B-1*, and determined if the variances were over 10 percent.

The number of reported individuals served for Enclave changed more than 10 percent from 2010 *Schedule B-1* to 2011 and as a result we performed procedure 5 below.

5. DODD requested that we report variances if the individuals served on *Schedule B-1, Section B, Attendance Statistics* were not within three of the individuals documented on the attendance sheets.

We haphazardly selected 15 Enclave individual names from the County Board's attendance sheets for 2011, and compared the individuals by name to the compiled listing of individuals served by program documentation which rolls up to *Schedule B-1*.

We found no variance.

### Statistics – Attendance (Continued)

6. DODD requested that we report variances to *Schedule B-1, Section B, Attendance Statistics* if more than three of the 15 minute community employment units tested were not calculated in accordance with the Cost Report Guides.

We haphazardly selected 15 units from 2010 and 15 units from 2011 from the County Board's Community Employment Units of Service reports and determined if the units were calculated in accordance with the Cost Report Guides.

We found no differences.

### Acuity Testing

1. DODD requested that we report variances if days of attendance and individuals served on the Days of Attendance by Acuity supplemental worksheet for 2008, 2009, 2010 and 2011 did not agree to the County Board's supporting documentation.

We compared the County Board's 2008 and 2009 Attendance reports, 2010 and 2011 Adult Day Services Attendance by Acuity, 2010 and 2011 Day Services Attendance Summary By Consumer, Location, Acuity and Month and Enclave 2010 and 2011 Attendance reports for the days of attendance for Day Habilitation/Adult Day Services/Vocational Habilitation and Enclave with the Days of Attendance by Acuity supplemental worksheet for 2008, 2009, 2010 and 2011.

We found no variances in 2008 and 2009.

For 2010, we found 151 Enclave days of attendance should be reclassified from acuity level A-1 to A.

For 2011, we found 155 Enclave days of attendance should be reclassified from acuity level A-1 to A.

2. We also compared two individuals from each Acuity level on the County Board's Attendance reports for 2008 and 2009, Enclave Attendance reports for 2010 and 2011 and Adult Day Services Attendance By Acuity for 2010 and 2011 to the Acuity Assessment Instrument or other documentation for each individual for 2008, 2009, 2010 and 2011.

For 2008, we found 231 Facility Based Services should be reclassified from acuity level A-1 to A and 218 Facility Based Services days of attendance should be reclassified from acuity level C to B.

For 2009, we found 226 Facility Based Services days of attendance should be reclassified from acuity level A-1 to A.

For 2010, we found no acuity variances.

For 2011, we found 324 Adult Day Services days of attendance should be reclassified from acuity level A-1 to A and 93 Enclave days of attendance should be reclassified from acuity level A-1 to A.

We reported the differences from both acuity procedures on revised Days of Attendance by Acuity supplemental worksheet for 2008, 2009, 2010 and 2011 and submitted it to DODD.



### Statistics – Transportation

1. DODD requested that we report variances if the Board's transportation units were not within two percent of total units reported on each line of *Schedule B-3, Quarterly Summary of Transportation Services*.

We compared the number of one-way trips from the County Board's Quarterly One Way Trips for Schedule B-3 reports with those statistics as reported in *Schedule B-3*. We also footed the County Board's Quarterly One Way Trips for Schedule B-3 reports for accuracy.

We found differences exceeding two percent as reported in Appendix A (2010). In 2011, we found no differences or computational errors.

2. DODD requested that we report variances of more than 10 percent of the total trips taken for 10 individuals for both 2010 and 2011, between the County Board's internal documentation versus the amount reported on *Schedule B-3, Quarterly Summary of Transportation Services*.

We traced the number of trips for nine adults and one child for one week in April for 2010 and one week in October for 2011 from the County Board's daily reporting documentation to *Schedule B-3*.

We found no differences exceeding 10 percent.

3. DODD asked us to report variances if the County Board's cost of bus tokens/cabs was not within two percent of the total amount reported on *Schedule B-3, Quarterly Summary of Transportation Services*.

We compared the cost of bus tokens/cabs from the County Board's LakeTran Costs Transportation Services Reconciliation report for 2010 and Bus Tokens Cost report for 2011 to the amount reported in *Schedule B-3*.

We found differences as reported in Appendix A (2010). In 2011, we found no differences in amounts reported on *Schedule B-3*; however, we noted differences impacting transportation related costs reported on *Worksheet 8, Transportation Services*. We reported these differences in Appendix B.

### Statistics – Service and Support Administration (SSA)

1. DODD requested that we report variances if the County Board's SSA units were not within two percent of total units reported on each line of *Schedule B-4, Quarterly Summary of Units of Service – Service and Support Administration*.

We compared the number of SSA units Targeted Case Management (TCM), Other SSA Allowable and SSA Unallowable from the County Board's Receivable Billing Reimbursable Summary By Service, Month, and School Age Group reports with those statistics reported in *Schedule B-4*. We also footed the County Board's Receivable Billing Reimbursable Summary by Service, Month, and School Age Group reports for accuracy.

We found no differences or computational errors in 2010. In 2011, we found differences as reported in Appendix B.

**Statistics – Service and Support Administration (Continued)**

2. DODD requested that we report variances if the Other SSA Allowable units tested had an error rate exceeding 10 percent.

We haphazardly selected two samples of 60 Other SSA Allowable units for both 2010 and 2011 from the Receivable Billing Reimbursable Summary By Consumer, Service, and Date reports and determined if the case note documentation described activities listed in Ohio Admin. Code § 5101:3-48-01(D), and also included the documentation required by Ohio Admin. Code § 5101:3-48-01(F).

The units found to be in error did not exceed 10 percent in either sample.

3. DODD requested that we report variances if the SSA Unallowable units tested had an error rate exceeding 10 percent.

We haphazardly selected samples of 62 Unallowable SSA service units for 2010 and 64 Unallowable SSA service units for 2011 from the Receivable Billing Reimbursable Summary By Consumer, Service, and Date reports and determined if the case note documentation described activities listed in Ohio Admin. Code § 5101:3-48-01(D), and also included the documentation required by Ohio Admin. Code § 5101:3-48-01(F).

The units found to be in error did not exceed 10 percent of either sample.

4. DODD asked us to report decreases exceeding five percent in total SSA units by line on *Schedule B-4* when compared to the prior year's final Cost Report.

We compared the final 2009 SSA units to the final 2010 SSA units and compared the final 2010 SSA units to the final 2011 SSA units.

The final 2010 Other SSA Allowable units decreased by more than five percent from the prior year's *Schedule B-4* and we obtained the County Board's explanation that there was increased enrollment in Level One Waivers. The final 2011 TCM units decreased by more than five percent from the prior year's *Schedule B-4* and we obtained the County Board's explanation that units from the Council of Governments decreased as the Service and Support Administrators caught up on the reviews. In addition, the final 2011 SSA Unallowable units decreased by more than five percent from the prior year's *Schedule B-4* and we obtained the County Board's explanation that the number of intake and family resource service units decreased. We reported no variances in Appendix A (2010) or Appendix B (2011).

5. DODD requested that we determine if the County Board maintained case note documentation for non-individual specific activities (general time units) as described in Worksheet 9, Service and Support Administration Costs of the Cost Report Guides. If the County Board did record general time units and they accounted for over 10 percent of total SSA units on the final *Schedule B-4* plus any general time units recorded, DODD requested us to determine if they were properly classified and report any variances with an error rate exceeding 10 percent and indicated a systemic issue.

We did not perform this procedure as the County Board did not maintain case note documentation for non-individual specific activities (general time units) as described in *Worksheet 9, Service and Support Administration Costs* of the Cost Report Guides.

### Revenue Cost Reporting and Reconciliation to the County Auditor Report

1. We compared the receipt totals from the 12/31/2010 and 12/31/2011 county auditor's Budget Report for the Mental Retardation and Developmental Disabilities Operating (215) fund to the county auditor's report totals reported on the *Reconciliation to County Auditor Worksheets*.

We found no differences.

2. DODD asked us to determine whether total County Board receipts reported in the *Reconciliation to County Auditor Worksheets* reconciled within 1/4 percent of the county auditor's yearly report of total receipts for these funds.

Total County Board receipts were within 1/4 percent of the county auditor yearly receipt totals reported for this fund.

3. DODD asked us to compare the account description and amount for each revenue reconciling item on the *Reconciliation to County Auditor Worksheet* to the County Board's State Account Code Detail Reports and other supporting documentation such as county tax settlement sheets.

We did not perform this procedure since the total County Board receipts were within 1/4 percent of the county auditor's yearly receipt totals in procedure 2 above.

4. We compared revenue entries on *Schedule C Income Report* to the North East Ohio Network council of governments (COG) prepared County Board Summary Workbooks.

We found no differences.

5. We reviewed the County Board's detailed revenue reports and *Schedule C, Income Report* to determine whether revenues are maintained separately to offset corresponding expense via the use of specific expenditure costs centers and identified any potential revenue offsets/applicable credits.

We identified the following sources of potential revenue credits for which the County Board did not offset costs on the Cost Reports in accordance with 2 CFR 225, Appendix A (C )(3)(c) and (4)(a):

- Miscellaneous refunds, reimbursements and other income in the amount of \$1,769 in 2010 and \$1,635 in 2011;
- Title VI-B revenues in the amount of \$154,516.89 in 2010 and \$76,720 in 2011; and
- Title XX revenues in the amount of \$174,970 in 2010 and \$184,370 in 2011.

### Paid Claims Testing

1. We selected 100 paid claims among all service codes from 2010 and 2011 from the Medicaid Billing System (MBS) data and determined if the claims met the following service documentation requirements of Ohio Admin. Code §§ 5123:2-9-05, 5123-2-9-18 (H) (1)-(2), and 5101:3-48-01(F):
  - Date of service;
  - Place of service;
  - Name of the recipient;
  - Name of the provider;

### **Paid Claims Testing (Continued)**

- Signature of the person delivering the service or initials of the person delivering the service if the signature and corresponding initials are on file with the provider;
- Type of service;
- Number of units of the delivered service or continuous amount of uninterrupted time during which the service was provided; and
- Arrival and departure times of the provider of service's site visit to the recipient's location or of the recipient's visit to the provider of service's location.

For non-medical transportation services, we reviewed similar service documentation requirements to ensure compliance with Ohio Admin. Code § 5123:2-9-18(H)(1)-(2) excluding H(1)(d),(f),(j) and H(2)(d),(f).

For selected services codes that have contracted services, DODD asked us to compare the County Board's usual and customary rate with the reimbursed rate to ensure that the County Board was reimbursed the lesser of the two as per Ohio Admin. Code § 5123:2-9-06. For any errors found, DODD asked that we obtain documentation and identify all overpayments related to reimbursements exceeding the usual and customary rate.

We found instances of non-compliance with these documentation requirements for 2010 and 2011. Additionally, we noted the County Board contracted with the local transit agency for non-medical transportation services. The transit agency met the requirements for an independent provider and developed routes specific to the County Board. The County Board negotiated a contract rate of \$10.50 per trip for this service; however, billed Medicaid at a higher rate. In addition, we found 73 instances in 2011 in which the County Board purchased a bus pass for \$2.50 and billed using the ATB/FTB rate of \$19.70. The County Board billed using the rate for Vehicle Eligible for One-Way Trip (ATB/FTB rate) in violation of Ohio Admin. Code § 5123:2-9-06(I)(1), which states in pertinent part, "Providers shall be paid at the lesser of their usual and customary rate or the payment rate for each waiver service that is delivered." OAC 5123:2-9-19 Appendix C, states that the billing rate (or UCR) is the actual cost paid for the commercial vehicle.

In our testing of the rate billed to Medicaid, we noted the County Board paid two different rates for transportation services. We inquired about the different rates and the County Board explained that non-waiver individuals were offered services through the transit agency's dial-a-ride at rate of \$2.50 per trip as an alternative to the County Board provided trip. Section 4.1.3 of the Laketrans contract states: "All individuals to be provided transportation services under this Agreement must be eligible recipients of services from the Board and must be certified in advance by the Board as Medicaid waiver recipients." While we did not perform tests comparing these transportation services, it appeared there were similarities between the contracted transportation service and dial-a-ride service and that transportation services are connected to an individual's waiver status.

### **Recommendation:**

We recommend that DODD conduct a further review of the County Board's transportation service to ensure that it is in compliance with Ohio Rev. Code § 5126.01 which defines adult services as "services provided outside the home, according to an individual's assessed needs and identified in an individual service plan". It appears that transportation services are provided based on waiver status. We also recommend the County Board review its practice of limiting transportation options for non-waiver individuals and offering a more expensive service to waiver individuals, thereby increasing costs to the Ohio Medicaid program, to ensure this practice is in compliance with Ohio Admin. Code Chapter 5123:2.

**Paid Claims Testing (Continued)**

**Recommendation:**

In addition, we recommend that DODD and the County Board conduct a review of transportation services beyond the time frame of these agreed-upon procedures to determine if additional overpayments occurred related to billing rate higher than the usual and customary rate.

**Recoverable Finding - 2010**

**Finding \$128,148.49**

We determined the County Board was over reimbursed for Supported Employment - Enclave - 15 minute units (ANF/FNF); Non-Medical Transportation - Per Trip (ATB); Adult Day Support and Vocational Habilitation Combination- 15 minute units (FXF); and Targeted Case Management (TCM). We further determined that the County Board was reimbursed at a higher rate than the contract rate (usual and customary) rate for Non-Medical Transportation (ATB and FTB).

Service Code	Units	Review Results	Finding
ANF	26	Supporting documentation did not match units billed	\$27.89
ATB	1	Supporting documentation did not match units billed	\$14.47
ATB	15,793	Units billed above usual and customary rate	\$108,929.70
FTB	2,790	Units billed above usual and customary rate	\$18,774.86
FNF	48	Supporting documentation did not match units billed	\$37.08
FXF	31	Supporting documentation did not match units billed	\$5.49
TCM	48	Supporting documentation did not match units billed	\$359.00
		<b>Total</b>	<b>\$128,148.49</b>

**Recoverable Finding - 2011**

**Finding \$122,584.67**

We determined that the County Board was over reimbursed for Non-Medical Transportation - Per Trip (ATB); Adult Day Support and Vocational Habilitation Combination - 15 minute units (AXF); and Targeted Case Management (TCM). We further determined that the County Board was reimbursed at a higher than the contract (usual and customary) rate for Non-Medical Transportation (ATB/FTB).

Service Code	Units	Review Results	Finding
ATB	2	Billed for field trip	\$25.28
AXF	30	Supporting documentation did not match units billed	\$4.11
ATB	13,551	Units billed above usual and customary rate	\$86,129.27
FTB	5,920	Units billed above usual and customary rate	\$36,081.82
TCM	49	Supporting documentation did not match units billed	\$344.19
		<b>TOTAL</b>	<b>\$122,584.67</b>

Recoverable findings are subject to interest collection pursuant to Ohio Rev. Code § 5164.60.

### **Paid Claims Testing (Continued)**

2. DODD requested that we report variances if units reimbursed by Medicaid were more than the units reported in the Cost Reports.

We compared the number of reimbursed TCM units and Community Employment units from the MBS Summary by Service Code reports, to the final units on *Schedule B-4, Quarterly Summary of Units of Service – Service and Support Administration, Line (1)(F), TCM Units* and to *Schedule B-1, Section B, Attendance Statistics, Line (4)(C), Supported Employment – Community Employment, 15 minute units*, respectively.

We found no instance where the Medicaid reimbursed units were greater than final TCM and Supported Employment - Community Employment units.

3. DODD asked us to report whether any reimbursements exceeded disbursements on *Schedule A, Summary of Service Costs- By Program* by two percent.

We compared the amounts reported on *Schedule A, Lines (20), Environmental Accessibility Adaptations to Line (25), Other Waiver Services* to the amount reimbursed for these services in 2010 and 2011 on the MBS Summary by Service Code reports.

We found no differences exceeding two percent. However, we noted that the disbursements reported on *Schedule A* exceeded the reimbursements and we obtained the County Board's explanation that the variance was due to including waiver and non-waiver respite expenses on *Schedule A*. We reported the differences to reclassify the non-waiver expenses in Appendix A (2010) and Appendix B (2011).

### **Non-Payroll Expenditures and Reconciliation to the County Auditor Report**

1. We compared the disbursement totals from the 12/31/2010 and 12/31/2011 county auditor's report listed on the *Reconciliation to County Auditor Worksheets* to the county auditor's Budget Report balances for the Operating (215), Residential (216), and Capital Outlay (404) funds.

We found differences as reported in Appendix A (2010). We found no differences in 2011.

2. DODD asked us to determine whether total County Board disbursements reported in the *Reconciliation to County Auditor Worksheets* reconciled within 1/4 percent of the county auditor's yearly report of total disbursements for these funds.

Total County Board disbursements were not within 1/4 percent of the county auditor's yearly disbursement totals in 2010. We determined the difference was due to the County Board not including the capital outlay expenses in the amount of \$439,886 on the *Reconciliation to County Auditor Worksheet*. We reported this adjustment in Appendix A (2010) and with this adjustment, the total County Board receipts reconciled within 1/4 percent. In 2011, total County Board disbursements were within 1/4 percent of the county auditor's yearly disbursement totals reported for these funds.

3. DODD asked us to compare the account description and amount for each reconciling item on the *County Auditor Reconciliation Worksheets* to the County Board's detailed expense reports and other supporting documentation.

We did not perform this procedure since final County Board disbursements were within 1/4 percent of the county auditor's yearly disbursement totals in 2010 (see procedure 2) and 2011.

**Non-Payroll Expenditures and Reconciliation to the County Auditor Report (Continued)**

4. DODD asked us to compare the County Board's detailed disbursements to the amounts reported on worksheets 2 through 10, and report variances exceeding \$100 for service contracts and other expenses on any worksheet.

We compared all service contract and other expenses entries on worksheets 2 through 10 to the County Board's summary expense reports.

We were initially unable to agree the 2010 Cost Report to the County Board's detailed expense report; however, the County Board was subsequently able to provide us with additional detail to support the majority of these expenses. We adjusted the unsupported expenses as reported in Appendix A (2010). We found no differences in 2011.

5. We compared disbursement entries on *Schedule A, Summary of Service Costs – By Program* and worksheets 2 through 10 to the COG prepared County Board Summary Workbooks.

We found differences as reported in Appendix A (2010) and Appendix B (2011).

6. DODD asked us to determine whether the County Board's detailed disbursements were properly classified within two percent of total service contracts and other expenses for all worksheets and if any worksheet included disbursements over \$100 which are non-federal reimbursable under 2 CFR 225 Appendix B.

We scanned the County Board's detailed expense reports for service contracts and other expenses in the following columns and worksheets: Column (X) General Expense-All Programs on worksheets 2 through 8; Column (N) Service and Support Administration Costs on worksheet 9; and Columns (E) Facility Based Services, (F) Enclave, (G) Community Employment and (H) Unassigned Adult program on worksheet 10 and reviewed documentation to identify disbursements not classified as prescribed by the Cost Report Guides or costs which are non-federal reimbursable under 2 CFR 225 Appendix B.

We found differences as reported in Appendix A (2010) and Appendix B (2011) for misclassified and non-federal reimbursable costs.

7. We scanned the County Board's detailed expense reports for items purchased during 2010 and 2011 that met the County Board's capitalization criteria and traced them to inclusion on the County Board's Depreciation Expense Report.

We found no unrecorded purchases meeting the capitalization criteria.

8. We haphazardly selected 60 disbursements from 2010 and 2011 from the County Board's detailed expense report that were classified as service contract and other expenses on worksheets 2 through 10. 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 no differences.

### Property, Depreciation, and Asset Verification Testing

1. We compared the County Board'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.

2. We compared the County Board's final 2009 Depreciation Expense Report to the County Board's 2010 and 2011 Depreciation Expense Reports for changes in the depreciation amounts for assets purchased prior to the periods under review which were not in compliance with the Cost Report Guides.

We found differences as reported in Appendix A (2010). We found no differences in 2011.

3. DODD asked us to compare the depreciation costs reported in the County Board's Depreciation Expense Reports to the amounts reported on *Worksheet 1, Capital Costs*, and to report variances exceeding \$100.

We compared all depreciation entries reported on *Worksheet 1, Capital Costs* to the County Board's Depreciation Expense Reports.

We found no differences exceeding \$100.

4. We scanned the County Board's Depreciation Expense Report for 2010 and 2011 for 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.

We found no differences.

5. DODD asked us to haphazardly select the lesser of 10 of the County Board's fixed assets or 10 percent of items which meet the County Board's capitalization policy and purchased in either 2010 or 2011 to determine if the useful lives agreed to the estimated useful lives prescribed in the 2008 American Hospital Association (AHA) Asset Guide. 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 and AHA Asset Guide.

We haphazardly selected three fixed assets which met the County Board's capitalization policy and were purchased in either 2010 or 2011 and determined if the useful lives agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guide. We also recomputed the first year's depreciation for these assets, based on their cost, acquisition date and useful life and determined compliance with the Cost Report Guides and AHA Asset Guide.

We found no differences.

6. We haphazardly selected one disposed asset from 2010 from the County Board's list of disposed assets and determined if the asset was removed from the County Board's fixed asset ledger. We also recalculated depreciation and any gain or loss applicable to 2010 for the disposed items based on its undepreciated basis and any proceeds received from the disposal of the asset to determine compliance with the Cost Report Guide and CMS Publication 15-1, Chapter 1.

We found differences as reported in Appendix A (2010) and selected five more disposed assets for testing. We found additional variances as reported in Appendix A (2010) and Appendix B (2011).



## Property, Depreciation, and Asset Verification Testing (Continued)

### Recommendation:

We recommend the County Board implement a process to report any gain or loss from disposed assets to meet the requirements contained in the Cost Report Guidelines which specify that, "when depreciable assets with salvage value are disposed of an adjustment will be necessary in the County Board's allowable cost. The amount of loss to be included on the 'Income and Expense Report' is limited to the non-depreciated basis of the asset. The loss should be handled in the same manner as was the depreciation. Gains should be used to offset depreciation in the current year manner as was the depreciation."

### Payroll Testing

1. DODD asked us to determine whether total County Board salaries and benefits in the 2010 and 2011 Cost Reports were within two percent of the county auditor's report totals for the Operating (215), Residential (216) and Capital Outlay (404) funds.

We totaled salaries and benefits from worksheets 2 through 10 and compared the yearly totals to the county auditor's Budget Report.

The variance was less than two percent in both 2010 and 2011.

2. DODD asked us to compare the County Board disbursements on the summary expense report to the amounts reported on worksheets 2 through 10, and to report variances exceeding \$100 for salaries or employee benefit expenses.

We compared all salary and employee benefit entries on worksheets 2 through 10 to the County Board's summary expense reports.

We found no differences exceeding \$100 on any worksheet.

3. We selected 40 employees and compared the County Board's organizational chart, staffing/payroll journals and job descriptions to the worksheet in which each employee's salary and benefit costs were allocated to ensure allocation is consistent with the Cost Report Guides.

We found no differences

4. DODD asked us to scan the County Board's Detailed Expense Reports for 2010 and 2011 and compare classification of employees to entries on worksheets 2 through 10 to determine if salary and benefit costs were reported in accordance with the Cost Report Guides if the errors in procedure 3 above exceeded 10 percent.

We did not perform this procedure as the misclassification errors in procedure 3 above did not exceed 10 percent of the sample size.

**Medicaid Administrative Claiming (MAC)**

1. DODD asked us to contact its Random Moment Time Study (RMTS) Coordinator to report differences if the MAC salary and benefits versus the County Board's payroll records exceeded one percent or more.

We compared the salary and benefits entered on the Individual MAC Costs by Code and MAC RMTS reports to the County Board's payroll records.

We found no variances exceeding one percent.

2. We compared the MAC RMTS Summary Reports to Worksheet 6, columns (I) and (O) for both years.

We reported differences in Appendix A (2010). We found no differences in 2011.

3. We compared Ancillary Costs on the Roll Up Report for the Ohio Department of Medicaid (ODM) to Lines 6-10 of the *MAC Reconciliation Worksheet*.

We reported differences in Appendix A (2010) and Appendix B (2011).

4. We selected 13 RMTS observed moments completed by employees of the County Board from the DODD RMTS Participant Moments Question and Answer report for the fourth quarter of 2010 and 14 RMTS observed moments from the third quarter of 2011 in which they documented their time spent on administering Medicaid-funded programs. We determined if supporting documentation of the County Board 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 2010 and 2011.

We found no differences.

The County Board submitted an official response to the results of these agreed-upon procedures which is presented in Appendix C. We did not examine the County Board's response and, accordingly, we express no opinion on it. Our conclusion is presented in Appendix D.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the County Board's Cost Reports. 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 County Board, DODD, ODM, 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

January 14, 2015

**Appendix A**  
**Lake County Board of Developmental Disabilities**  
**2010 Income and Expenditure Report Adjustments**

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Schedule A</b>				
Respite (L) Community Residential	\$ 191,161	\$ (159,190)	\$ 31,971	To reclassify non-Medicaid respite expenses
<b>Schedule B-1, Section A</b>				
1. Building Services (B) Adult	6,446	(2,440)		To reclassify square footage
		(1,110)		To reclassify square footage
		(972)	1,924	To remove common space
5. Speech/Audiology (B) Adult	216	88	304	To reclassify square footage
12. Pre-School (C) Child	8,537	(725)		To reclassify square footage
		736	8,548	To reclassify square footage
14. Facility Based Services (B) Adult	50,954	205		To reclassify square footage
		(88)		To reclassify square footage
		2,896		To reclassify square footage
		118		To reclassify square footage
		118		To reclassify square footage
		2,440		To reclassify square footage
		1,110		To reclassify square footage
		(94)		To reclassify square footage
		907		To record square footage
		1,499	60,065	To record square footage
15. Supported Emp. -Enclave (B) Adult	-	226	226	To reclassify square footage
18. County Board Operated ICF/MR (D) General	53,090	5,048		To reclassify square footage
		438		To reclassify square footage
		(300)		To reclassify square footage
		1,860	60,136	To match square footage summary
22. Program Supervision (B) Adult	4,093	(118)		To reclassify square footage
		(118)		To reclassify square footage
		(2,896)		To reclassify square footage
		(416)		To reclassify square footage
		(239)	306	To reclassify square footage
23. Administration (D) General	5,553	(919)		To remove square footage
		2,130		To record square footage
		546		To record square footage
		397		To record square footage
		416		To reclassify square footage
		239		To reclassify square footage
		94	8,456	To reclassify square footage
24. Transportation (D) General	1,093	2,400	3,493	To match square footage summary
25. Non-Reimbursable (B) Adult	26,349	(26,349)	-	To remove common space
25. Non-Reimbursable (C) Child	20,222	(16,348)		To remove common space
		725		To reclassify square footage
		(736)	3,863	To reclassify square footage
25. Non-Reimbursable (D) General	7,906	(7,906)	-	To remove square footage rented by the County Board
<b>Schedule B-1, Section B</b>				
3. Typical Hours Of Service (A) Facility Based Services	7.0	1.0	8.0	To correct typical hours of service
<b>Schedule B-3</b>				
3. School Age (G) One Way Trips- Fourth Quarter	4,663	(626)	4,037	To remove Broadmoor employee trips
5. Facility Based Services (H) Cost of Bus, Tokens, Cabs- Fourth Quarter	\$ -	\$ 7,400	\$ 7,400	To record cost of transportation
<b>Worksheet 1</b>				
2. Land Improvements (E) Facility Based Services	\$ 13,259	\$ 917	\$ 14,176	To correct depreciation expense
5. Movable Equipment (E) Facility Based Services	\$ 22,103	\$ 750		To record loss on disposal of asset
		\$ 1,388	\$ 24,241	To record loss on disposal of asset
5. Movable Equipment (V) Admin	\$ 58,355	\$ 1,116	\$ 59,471	To correct depreciation expense
5. Movable Equipment (X) Gen Expenses All Prgm.	\$ 20,666	\$ 602	\$ 21,268	To record loss on disposal of asset
8. COG Expenses (L) Community Residential	\$ 12,627	\$ (11,772)	\$ 855	To match final COG workbook
8. COG Expenses (M) Family Support Services	\$ 9,083	\$ (8,220)	\$ 863	To match final COG workbook
8. COG Expenses (N) Service & Support Admin	\$ -	\$ 297	\$ 297	To match final COG workbook
8. COG Expenses (O) Non-Federal Reimbursable	\$ -	\$ 41	\$ 41	To match final COG workbook

**Appendix A (Page 2)**  
**Lake County Board of Developmental Disabilities**  
**2010 Income and Expenditure Report Adjustments**

	<b>Reported Amount</b>	<b>Correction</b>	<b>Corrected Amount</b>	<b>Explanation of Correction</b>
<b>Worksheet 2</b>				
1. Salaries (X) Gen Expense All Prgm.	\$ 1,908,890	\$ (11,965)	\$ 1,896,925	To reclassify MAC payroll
3. Service Contracts (X) Gen Expense All Prgm	\$ 158,509	\$ (63,635)		To reclassify non-federal reimbursable expenses
		\$ (1,550)		To reclassify non-federal reimbursable expenses
		\$ (5,000)		To reclassify non-federal reimbursable expenses
		\$ (2,817)		To reclassify adult day expenses
		\$ (11,736)	\$ 73,771	To reclassify adult day expenses
4. Other Expenses (O) Non-Federal Reimbursable	\$ 86	\$ 63,635		To reclassify non-federal reimbursable expenses
		\$ 1,550		To reclassify non-federal reimbursable expenses
		\$ 5,000		To reclassify non-federal reimbursable expenses
		\$ 1,503	\$ 71,774	To reclassify non-federal reimbursable expenses
4. Other Expenses (X) Gen Expense All Prgm.	\$ 120,496	\$ 19,152		To reclassify costs not included in MAC implementation plan
		\$ (1,503)		To reclassify non-federal reimbursable expenses
		\$ (364)	\$ 137,781	To remove unsupported expenses
5. COG Expenses (L) Community Residential	\$ 261,291	\$ (217,865)	\$ 43,426	To match final COG workbook
5. COG Expense (M) Family Support Services	\$ 187,941	\$ (144,115)	\$ 43,826	To match final COG workbook
5. COG Expense (N) Service & Support Admin	\$ -	\$ 15,072	\$ 15,072	To match final COG workbook
5. COG Expense (O) Non-Federal Reimbursable	\$ -	\$ 113,022	\$ 113,022	To match final COG workbook
10. Unallowable Fees (O) Non-Federal Reimbursable	\$ -	\$ 233,122		To reclassify auditor and treasurer fees
		\$ 254,542	\$ 487,664	To reclassify admin fees
<b>Worksheet 2A</b>				
5. COG Expenses (L) Community Residential	\$ 25,393	\$ (25,393)	\$ -	To match final COG workbook
5. COG Expenses (M) Family Support Services	\$ 18,265	\$ (18,265)	\$ -	To match final COG workbook
<b>Worksheet 3</b>				
3. Service Contracts (F) Enclave	\$ 94,434	\$ (8,876)	\$ 85,558	To reclassify adult day expenses
3. Service Contracts (G) Community Employment	\$ 12,370	\$ (1,163)	\$ 11,207	To reclassify adult day expenses
3. Service Contracts (L) Community Residential	\$ 24,737	\$ (22,560)	\$ 2,177	To reclassify fees paid to COG
3. Service Contracts (U) Transportation	\$ 13,814	\$ (343)	\$ 13,471	To reclassify adult day expenses
<b>Worksheet 5</b>				
1. Salaries (L) Community Residential	\$ 267,645	\$ 48,450	\$ 316,095	To reclassify non-Medicaid respite expenses
1. Salaries (O) Non-Federal Reimbursable	\$ 32,424	\$ (23,120)	\$ 9,304	To reclassify MAC payroll
2. Employee Benefits (L) Community Residential	\$ 87,986	\$ 15,874	\$ 103,860	To reclassify non-Medicaid respite expenses
3. Service Contracts (K) Co. Board Operated ICF/MR	\$ 102,194	\$ (300)		To reclassify physician expense
		\$ (350)		To reclassify psychology expense
		\$ (67,700)	\$ 33,844	To reclassify non-federal reimbursable expenses
3. Service Contracts (L) Community Residential	\$ 77,643	\$ (75,000)		To reclassify fees paid to COG
		\$ 94,787		To reclassify non-Medicaid respite expenses
		\$ (87,835)	\$ 9,595	To reclassify fees paid to COG
3. Service Contracts (O) Non-Federal Reimbursable	\$ 171	\$ 67,700	\$ 67,871	To reclassify non-federal reimbursable expenses
4. Other Expenses (K) Co. Board Operated ICF/MR	\$ 592,810	\$ (611)	\$ 592,199	To reclassify non-federal reimbursable expenses
4. Other Expenses (L) Community Residential	\$ 48,057	\$ 79	\$ 48,136	To reclassify non-Medicaid respite expenses
4. Other Expenses (M) Family Support Services	\$ 171,872	\$ (167,260)	\$ 4,612	To reclassify fees paid to COG
4. Other Expenses (O) Non-Federal Reimbursable	\$ 21,537	\$ 611		To reclassify non-federal reimbursable expenses
		\$ (41)		To reclassify fees paid to COG
		\$ (11,278)	\$ 10,829	To reclassify fees paid to COG

**Appendix A (Page 3)**  
**Lake County Board of Developmental Disabilities**  
**2010 Income and Expenditure Report Adjustments**

	<b>Reported Amount</b>	<b>Correction</b>	<b>Corrected Amount</b>	<b>Explanation of Correction</b>
5. COG Expenses (L) Community Residential	\$ 405,445	\$ (112,047)	\$ 293,398	To match final COG workbook
5. COG Expenses (M) Family Support Services	\$ 291,628	\$ 5,015	\$ 296,643	To match final COG workbook
5. COG Expenses (O) Non-Federal Reimbursable	\$ -	\$ 14,207	\$ 14,207	To match final COG workbook
<b>Worksheet 6</b>				
1. Salaries (I) Medicaid Admin	\$ 296,379	\$ 32,185	\$ 328,564	To match salaries to MAC report
1. Salaries (O) Non-Federal Reimbursable	\$ 289,603	\$ 33,492	\$ 323,095	To match salaries to MAC report
3. Service Contracts (I) Medicaid Admin	\$ 8,426	\$ (8,426)	\$ -	To reclassify costs not included in MAC implementation plan
3. Service Contracts (O) Non-Federal Reimbursable	\$ 10,726	\$ (10,726)	\$ -	To reclassify costs not included in MAC implementation plan
<b>Worksheet 7A</b>				
3. Service Contracts (K) Co. Board Operated ICF/MR	\$ -	\$ 300	\$ 300	To reclassify physician expense
<b>Worksheet 7D</b>				
3. Service Contracts (K) Co. Board Operated ICF/MR	\$ 61,470	\$ 350	\$ 61,820	To reclassify psychology expense
13. No. of Individual Served (A) Early Intervention	324	(324)	-	To remove individuals served
13. No. of Individual Served (B) Pre-School	61	(61)	-	To remove individuals served
13. No. of Individual Served (C) School Age	53	(53)	-	To remove individuals served
<b>Worksheet 9</b>				
1. Salaries (N) Service & Support Admin. Costs	\$ 680,254	\$ (30,593)	\$ 649,661	To reclassify MAC payroll
5. COG Expenses (N) Service & Support Admin. Costs	\$ -	\$ 102,019	\$ 102,019	To match final COG workbook
<b>Worksheet 10</b>				
3. Service Contracts (E) Facility Based Services	\$ 103,888	\$ 2,817		To reclassify adult day expenses
		\$ 11,736		To reclassify adult day expenses
		\$ 8,876		To reclassify adult day expenses
		\$ 1,163		To reclassify adult day expenses
		\$ 343	\$ 128,823	To reclassify adult day expenses
4. Other Expenses (E) Facility Based Services	\$ 84,001	\$ (611)		To reclassify non-federal reimbursable expenses
		\$ (447)	\$ 82,943	To reclassify non-federal reimbursable expenses
4. Other Expenses (F) Enclave	\$ 13,938	\$ (611)		To reclassify non-federal reimbursable expenses
		\$ (511)	\$ 12,816	To reclassify non-federal reimbursable expenses
4. Other Expenses (O) Non-Federal Reimbursable	\$ 1,574	\$ 611		To reclassify non-federal reimbursable expenses
		\$ 611		To reclassify non-federal reimbursable expenses
		\$ 447		To reclassify non-federal reimbursable expenses
		\$ 511	\$ 3,754	To reclassify non-federal reimbursable expenses

**Appendix A (Page 4)**  
**Lake County Board of Developmental Disabilities**  
**2010 Income and Expenditure Report Adjustments**

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Reconciliation to County Auditor Worksheet</b>				
<b>Expense:</b>				
Plus: Real Estate Fees	\$ 233,122	\$ (233,122)	\$ -	To reclassify auditor and treasurer fees
Plus: Purchases Greater Than \$5,000	\$ -	\$ 439,886	\$ 439,886	To record capital outlay fund expenses
Plus: Fees Paid To COG, Or Payments And Transfers made To COG	\$ -	\$ 75,000		To reclassify fees paid to COG
		\$ 22,560		To reclassify fees paid to COG
		\$ 87,835		To reclassify fees paid to COG
		\$ 430,053		To reclassify fees paid to COG
		\$ 41		To reclassify fees paid to COG
		\$ 11,278		To reclassify fees paid to COG
		\$ 167,260	\$ 794,027	To reclassify fees paid to COG
Plus: Match Paid To ODMRDD For IO & LVI Waivers	\$ 430,053	\$ (430,053)	\$ -	To reclassify fees paid to COG
Memo: 1 1/2% ODMRDD "Administrative & Oversight Fee" (Not In Total)	\$ 254,542	\$ (254,542)	\$ -	To reclassify admin fees
Less: Capital Costs	\$ (843,785)	\$ (917)		To reconcile off depreciation expense
		\$ (1,116)		To reconcile off depreciation expense
		\$ (750)		To reconcile off depreciation expense
		\$ (602)		To reconcile off depreciation expense
		\$ (1,388)	\$ (848,558)	To reconcile off depreciation expense
Total from 12/31 County Auditor's Report	\$ 39,573,479	\$ 439,886	\$ 40,013,365	To correct County Auditor total
<b>Medicaid Administration Worksheet</b>				
6. Other Costs (A) Reimbursement Requested Through Calendar Year	\$ -	\$ 21,511	\$ 21,511	
7. Capital Costs (A) Reimbursement Requested Through Calendar Year				
8. Indirect Costs (A) Reimbursement Requested Through Calendar Year				To record ancillary costs
9. Program Supervision Costs (A) Reimbursement Requested Through Calendar Year				
10. Building Services Costs (A) Reimbursement Requested Through Calendar Year				

**Appendix B**  
**Lake County Board of Developmental Disabilities**  
**2011 Income and Expenditure Report Adjustments**

	<b>Reported Amount</b>	<b>Correction</b>	<b>Corrected Amount</b>	<b>Explanation of Correction</b>
<b>Schedule A</b>				
19. Room and Board/Cost to Live (L) Community Residential	\$ 69,692	\$ 11,386	\$ 81,078	To match final COG workbook
22. Respite (L) Community Residential	\$ 197,590	\$ (133,357)	\$ 64,233	To reclassify non-Medicaid respite expenses
<b>Schedule B-1, Section B</b>				
3. Typical Hours Of Service (A) Facility Based Services	7.0	1.0	8.0	To correct typical hours of service
<b>Schedule B-4</b>				
5. SSA Unallowable Units (D) 4th Quarter	495	(368)	127	To correct number of unallowable units
<b>Worksheet 1</b>				
5. Movable Equipment (V) Admin	\$ 55,963	\$ 2,628		To record loss on disposal of asset
		\$ 1,800		To record loss on disposal of asset
		\$ 19,240	\$ 79,631	To record loss on disposal of asset
8. COG Expenses (L) Community Residential	\$ 1,994	\$ (1,554)	\$ 440	To match final COG workbook
8. COG Expenses (M) Family Support Services	\$ 3,864	\$ (3,472)	\$ 392	To match final COG workbook
8. COG Expenses (N) Service & Support Admin	\$ -	\$ 51	\$ 51	To match final COG workbook
8. COG Expenses (O) Non-Federal Reimbursable	\$ -	\$ 1	\$ 1	To match final COG workbook
<b>Worksheet 2</b>				
3. Service Contracts (X) Gen Expense All Prgm.	\$ 128,406	\$ (61)		To reclassify non-federal reimbursable expense
		\$ (24)		To reclassify non-federal reimbursable expense
		\$ (57)		To reclassify non-federal reimbursable expense
		\$ (2,726)		To reclassify adult day expenses
		\$ (10,943)		To reclassify adult day expenses
		\$ (2,559)	\$ 112,036	To reclassify non-federal reimbursable expense
4. Other Expenses (O) Non-Federal Reimbursable	\$ 197,902	\$ 1,300		To reclassify non-federal reimbursable expense
		\$ 61		To reclassify non-federal reimbursable expense
		\$ 24		To reclassify non-federal reimbursable expense
		\$ 57		To reclassify non-federal reimbursable expense
		\$ 256		To reclassify non-federal reimbursable expense
		\$ 2,559		To reclassify non-federal reimbursable expense
		\$ 275	\$ 202,434	To reclassify non-federal reimbursable expense
4. Other Expenses (X) Gen Expense All Prgm.	\$ 146,440	\$ (1,300)		To reclassify non-federal reimbursable expense
		\$ (256)		To reclassify non-federal reimbursable expense
		\$ (275)	\$ 144,609	To reclassify non-federal reimbursable expense
5. COG Expenses (L) Community Residential	\$ 59,102	\$ (31,493)	\$ 27,609	To match final COG workbook
5. COG Expense (M) Family Support Services	\$ 114,532	\$ (89,920)	\$ 24,612	To match final COG workbook
5. COG Expense (N) Service & Support Admin	\$ -	\$ 3,225	\$ 3,225	To match final COG workbook
5. COG Expense (O) Non-Federal Reimbursable	\$ -	\$ 93,268	\$ 93,268	To match final COG workbook
<b>Worksheet 2A</b>				
3. Service Contracts (K) Co. Operated ICF/MR	\$ 676	\$ (650)	\$ 26	To reclassify adult day expenses
5. COG Expenses (L) Community Residential	\$ 4,572	\$ (4,572)	\$ -	To match final COG workbook
5. COG Expenses (M) Family Support Services	\$ 8,859	\$ (8,859)	\$ -	To match final COG workbook
<b>Worksheet 3</b>				
3. Service Contracts (L) Community Residential	\$ 24,701	\$ (22,560)	\$ 2,141	To reclassify fees paid to COG
<b>Worksheet 5</b>				
1. Salaries (L) Community Residential	\$ 109,776	\$ 32,592	\$ 142,368	To reclassify non-Medicaid respite expenses
2. Employee Benefits (L) Community Residential	\$ 117,001	\$ 42,986	\$ 159,987	To reclassify non-Medicaid respite expenses
3. Service Contracts (K) Co. Board Operated ICF/MR	\$ 133,856	\$ (350)		To reclassify psychology expense
		\$ (300)	\$ 133,206	To reclassify physician expense
3. Service Contracts (L) Community Residential	\$ 7,815	\$ 57,542		To reclassify non-Medicaid respite expenses
		\$ (53,704)	\$ 11,653	To reclassify fees paid to COG

**Appendix B (Page 2)**  
**Lake County Board of Developmental Disabilities**  
**2011 Income and Expenditure Report Adjustments**

	<b>Reported Amount</b>	<b>Correction</b>	<b>Corrected Amount</b>	<b>Explanation of Correction</b>
<b>Worksheet 5 (Continued)</b>				
4. Other Expenses (K) Co. Board Operated ICF/MR	\$ 624,785	\$ (1,233)	\$ 623,552	To reclassify non-federal reimbursable expense
4. Other Expenses (L) Community Residential	\$ 7,695	\$ 237	\$ 7,932	To reclassify non-Medicaid respite expenses
4. Other Expenses (M) Family Support Services	\$ 304,230	\$ (145,298)	\$ 158,932	To reclassify fees paid to COG
4. Other Expenses (O) Non-Federal Reimbursable	\$ 40,251	\$ 1,233		To reclassify non-federal reimbursable expense
		\$ (11,993)	\$ 29,491	To reclassify fees paid to COG
5. COG Expenses (L) Community Residential	\$ 152,300	\$ 180,157	\$ 332,457	To match final COG workbook
5. COG Expenses (M) Family Support Services	\$ 295,137	\$ 1,238	\$ 296,375	To match final COG workbook
5. COG Expenses (O) Non-Federal Reimbursable	\$ -	\$ 580	\$ 580	To match final COG workbook
<b>Worksheet 7A</b>				
3. Service Contracts (K) Co. Board Operated ICF/MR	\$ -	\$ 300	\$ 300	To reclassify physician expense
<b>Worksheet 7D</b>				
3. Service Contracts (K) Co. Board Operated ICF/MR	\$ 60,285	\$ 350	\$ 60,635	To reclassify psychology expense
13. No. of Individual Served (A) Early Intervention	237	(237)	-	To remove individuals served
13. No. of Individual Served (B) Pre-School	48	(48)	-	To remove individuals served
13. No. of Individual Served (C) School Age	59	(59)	-	To remove individuals served
<b>Worksheet 8</b>				
3. Service Contracts (F) Enclave	\$ 134,645	\$ 574	\$ 135,219	To reclassify enclave transportation expenses
3. Service Contracts (G) Community Employment	\$ 42,930	\$ (574)	\$ 42,356	To reclassify enclave transportation expenses
<b>Worksheet 9</b>				
5. COG Expenses (N) Service & Support Admin. Costs	\$ -	\$ 38,840	\$ 38,840	To match final COG workbook
<b>Worksheet 10</b>				
3. Service Contracts (E) Facility Based Services	\$ 122,481	\$ 2,726		To reclassify adult day expenses
		\$ 10,943		To reclassify adult day expenses
		\$ 650	\$ 136,800	To reclassify adult day expenses
<b>Reconciliation to County Auditor Worksheet Expense:</b>				
Plus: Fees Paid To COG, Or Payments And Transfers made To COG	\$ 80,316	\$ 11,993		To reclassify fees paid to COG
		\$ 53,704		To reclassify fees paid to COG
		\$ 145,298		To reclassify fees paid to COG
		\$ 22,560		To reclassify fees paid to COG
		\$ 1,734,886	\$2,048,757	To reclassify fees paid to COG
Plus: Match Paid To ODMRDD For IO & LVI Waivers	\$ 1,734,886	\$ (1,734,886)	\$ -	To reclassify fees paid to COG
Less: Capital Costs	\$ (797,744)	\$ (2,628)		To reconcile off depreciation expense
		\$ (1,800)		To reconcile off depreciation expense
		\$ (19,240)	\$ (821,412)	To reconcile off depreciation expense
Less: COG Expenses Reported in Schedule A	\$ (57,525)	\$ (11,386)	\$ (68,911)	To match final COG workbook
<b>Medicaid Administration Worksheet</b>				
6. Other Costs (A) Reimbursement Requested Through Calendar Year	\$ -	\$ 24,504	\$ 24,504	
7. Capital Costs (A) Reimbursement Requested Through Calendar Year				
8. Indirect Costs (A) Reimbursement Requested Through Calendar Year				To record ancillary costs
9. Program Supervision Costs (A) Reimbursement Requested Through Calendar Year				
10. Building Services Costs (A) Reimbursement Requested Through Calendar Year				



**Appendix C**

Lake County Board of Developmental Disabilities  
Independent Auditor's Report on  
Applying Agreed-Upon Procedures

**Official's Response:**

The letter that follows is the County Board's official response to the agreed-upon procedures.



LAKE COUNTY  
BOARD OF DEVELOPMENTAL DISABILITIES / DEEPWOOD

8121 Deepwood Blvd., Mentor, Ohio 44060 440-350-5100 Fax: 440-350-5290

April 29, 2015

Jeffrey M. Hamilton, CPA  
Senior Audit Manager  
Medicaid Contract Audit  
Ohio Auditor's Office  
88 East Broad Street, Ninth Floor  
Columbus, Ohio 43215-3506

RE: Lake County Board DD 2010 and 2011 Cost Report Audits

Dear Mr. Hamilton:

In reference to the State Auditor's Report for the above audits, we would like to respond to some of the items listed in the audit.

**Acuity Testing**

1. *For 2010, we found 151 Enclave days of attendance should be reclassified from acuity Level A-1 to A. For 2011, we found 155 Enclave days of attendance should be reclassified from acuity level A-1 to A.*

We believe all this has been rectified by the implementation of the DODD MSS system, which was installed in 2011 and eventually tied to the State IDS system. The scores on the AAI Evaluation are now entered directly into the State system, which generates the AAI. Lake County now retrieves that information directly from the State and inputs it into our billing and tracking system. On the rare occasion, if a change were made to an AAI, the service structure did not change and our PAWS coordinator was not notified it would be possible for a small amount of billing to occur at the old AAI level. If that were to happen, the Coordinator would review any billing that occurred during that period and notify the provider to negatively bill at the old AAI and re-bill at the new.

**Revenue Cost Reporting and Reconciliation to the County Auditor Report**

5. *Offset Revenue Reporting We identified the following sources of potential revenue credits for which the County Board did not offset costs...Miscellaneous refunds, Title VI-B and Title XX revenues...*

We have since corrected this oversight and now report offsetting revenues on "a1adult" and "a3 kids" worksheets.

## **Paid Claims Testing**

### **1. Non Medical Transportation**

*We found instances of non-compliance with these documentation requirements for 2010 and 2011. Additionally, we noted the County Board contracted with the local transit agency for non-medical transportation services. The transit agency met the requirements for an independent provider and developed routes specific to the County Board. The County Board negotiated a contract rate of \$10.50 per trip for this service; however, billed Medicaid at a higher rate....*

*In our testing of the rate billed to Medicaid, we noted the County Board paid two different rates for transportation services. We inquired about the different rates and the County Board explained that non-waiver individuals were offered services through the transit agency's dial-a-ride at rate of \$2.50 per trip as an alternative to the County Board provided trip....*

When Lake County contracted with the local transit agency, we viewed Laketran as part of the Board's NMT delivery system. Along with our buses and vans they were responsible to deliver individuals to their various locations. We assumed all costs, including the contract, exceeded the state rate at which we billed and that was acceptable. We thought that's why we did the cost report-to verify that actual costs were equal to or higher than billing rates.

Rule 5123:2-9-18 dated 10/01/07 and under which these costs reports operated stated under (B)(1) that an "Agency provider" means a person, other than an individual provider or county board, who provides non-medical transportation to access adult day support, vocational habilitation, supported employment-enclave, or supported employment community services, as these services are defined in rules 5123:2-9-16 and 5123:2-9-17 of the Administrative Code, under an HCBS waiver administered by the department.

I checked with the Department of DODD and asked if a commercial transit authority could be a subcontractor and was told "yes" and we treated them as such, subsuming their costs into ours and recording their trips on Worksheet 8 of the Cost Report along with our buses and vans.

When we started contracting, we also identified waiver people for whom we could buy bus passes or tokens and who were capable of independent travel and for a while we were purchasing them and billing ATT code for those passes according to the rule section cited below:

#### *E) Commercial vehicles*

*Owners and operators of commercial vehicles, including buses, livery vehicles, and taxicabs, that are available for public use and also are used to provide non-medical transportation services to waiver enrollees are not subject to the requirements of this rule. Owners and operators of these types of vehicles are required to meet all federal, state, and local requirements pertaining to the maintenance and operation of these vehicles as well as the fares charged for their use.*

When Laketran came to us, indicating they would have to cut services to our individuals, we evaluated the cost of bringing their current ridership back in house vs. negotiating a contract. We negotiated a \$15.00 rate down to \$10.50, which was much less expensive than in house transportation.

Most of the rides Laketran had been providing were to our community employment individuals and the contract deals primarily with on-time pickups and drop-offs, guaranteed rides-not provided to Dial-A-Ride customers, expanded service areas within Lake County, and the requisite data collection and documentation associated with waiver (but not required for non-waiver) services. These premium services were not available to those not on waivers because they are not subject to “free choice of provider” as are waiver recipients.

Since Laketran had been a provider for years, although not required to, we also chose to expand our travel options beyond our yellow buses to those not on waivers and provided the Dial-A-Ride option of Laketran which is available to the general public, and Laketran charged us the regular senior/disabled/child rate. We thought we were being proactive in offering an expanded option to those who could ride independently. Unfortunately this led to quite a bit of confusion at audit time.

We are in the process of divesting ourselves of the contract and turning over the transport of our waiver enrollees to Laketran to provide non medical transport for those they can accommodate. We will continue to run buses and vans under the current Day Array service system.

After much information gathering and discussion and although we continue to disagree, we accept the finding that the billing rate for Laketran waiver rides should be \$10.50 rather than \$19.70 and will assume that liability along with the minor recoveries listed in the audit. We investigated and found keying and billing errors that accounted for those findings. The two TCM errors were the result of keying errors and we have implemented a procedure to detect “over 26 units” per day that are a result of keying the wrong time vs. legitimate intensive case management duties. After final settlement of this audit, we will proceed with corrective billing for NMT for the years 2014 and 2013. After consultation with the Department of Developmental Disabilities’ Audit unit, we understand there is a mechanism for voluntary repayment of 2012 which we intend avail ourselves of.

### **Non-Payroll Expenditures and Reconciliation to the County Auditor Report**

*3. We compared disbursement entries on Schedule A, Summary of Service Costs – By Program and worksheets 2 through 10 to the COG prepared County Board Summary Workbooks. We found differences as reported in Appendix a (2010) and Appendix B (2011).*

We understand not many counties provide Institutional Respite Services, but we maintain that the cost of providing institutional respite to waiver recipients belongs on Schedule A, Line 22 per Cost Report Instructions. We break out the amount between waiver and non waiver costs based on attendance prior to insertion on Schedule A and no adjustments are required. All community respite costs are reflected in the COG’s report for Lake County and should be reflected on Worksheet 5 as direct service contracts. All community respite expenditures to the provider or COG are for non-Waiver respite recipients and are non-Federal Reimbursable.

**Property, Depreciation and Asset Verification Testing**

*Recommendation: We recommend the County Board implement a process to report any gain or loss from disposed assets to meet the requirements contained in the Cost Report Guidelines ...*

After a complete overhaul of our asset tracking software, we have implemented such a procedure and are submitting revised Cost Reports for 2012 and 2013 to the State with these corrections and others.

In conclusion, we appreciate that the State Auditor's Office has been contracted by DODD to conduct audits on all 88 County Boards for a several year period and acknowledge the difficulty and scope of such an engagement. And we appreciate that some of the findings have prompted DODD to re-write the NMT rule and issue Guidance to assist County Boards in navigating it, especially in counties where no other alternative form of transportation exists except the commercial transit authority. We cannot speak for every Board, but we assume they, along with Lake County were trying to comply with all the rules as we understood them and to do so in as cost effective manner as possible, although the tone of some of the audit findings indicated otherwise. We would hope, going forward, there is a better understanding on the part of all parties and we can proceed with the balance of the outstanding audits in a more efficient and expeditious manner.

Cc: Ms. Halina Schroeder, Audit Chief  
Division of Fiscal Administration, Audit Office  
Ohio Department of Developmental Disabilities  
30 Broad Street, 13<sup>th</sup> Floor  
Columbus, OH 43215

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## **Appendix D**

Lake County Board of Developmental Disabilities  
Independent Auditor's Report on  
Applying Agreed-Upon Procedures

### **Auditor of State's Conclusion:**

#### **Non-Payroll Expenditures and Reconciliation to the County Auditor Report**

The County Board indicated that no adjustment was needed to *Schedule A, Summary of Service Costs – By Program* for respite services.

We tied the original amounts reported on *Schedule A* to the County Board's detailed expense reports and used the percentage provided by the County Board to identify waiver respite expenses. We discussed this adjustment with the County Board during fieldwork. After completing the agreed upon procedures, the County Board indicated it had other respite waiver expenses and provided summary reports showing new totals. We requested additional detailed supporting documentation be provided at the exit conference so that we could test the expenses included in the new totals. The County Board waived the exit and provided no additional supporting documentation. It appeared from the summary reports that the additional expenses were reported on *Worksheet 5, Direct Services* and were not being reported under any other waiver service.

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# Dave Yost • Auditor of State

**LAKE COUNTY BOARD OF DEVELOPMENTAL DISABILITIES**

**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  
MAY 14, 2015**