



Dave Yost • Auditor of State

SOUTHERN OHIO COUNCIL OF GOVERNMENTS

TABLE OF CONTENTS

Title	Page
Independent Auditor's Report	1
Appendix A: Income and Expenditure Report Adjustments – 2013	7

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

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, 13th Floor
Columbus, Ohio 43215

Dear Ms. Schroeder:

As permitted by Ohio Revised 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 has 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 Southern Ohio Council of Governments (COG) prepared its *Income and Expenditure Report (Cost Report)* and *County Summary Workbooks*¹ for the year ended December 31, 2013 in accordance with DODD's Guide to Preparing Income and Expenditure Reports for COGs and County Boards of Developmental Disabilities (Cost Report Guides) and to assist 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 COG's management is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. The sufficiency of these procedures is solely the responsibility of DODD. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Revenue Testing

1. DODD requested that we compare the COG's receipts with those reported on Section II, Department of DD of *Schedule C, Income Report* on the *County Summary Workbooks* and report any variances.

The COG did not report receipts on Section II, Department of DD of *Schedule C, Income Report* on the *County Summary Workbooks*. We scanned the receipts on the COG's Trial Balance report for any receipts not reported on Section II of *Schedule C* on the *County Summary Workbooks*.

We found no unreported Section II, *Schedule C* receipts.

¹ The COG recorded receipts and disbursements on behalf of the county boards of developmental disabilities (County Boards). The COG prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following County Boards: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton.

Trial Balance Analysis and Non-Payroll Expenditure Testing

1. DODD asked us to compare the COG's disbursements on the Trial Balance and General Ledger reports to *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*, and report variances exceeding \$100 for total service contracts, other expenses and COG expenses on any worksheet.

We compared all service contracts, other expenses and COG expenses on *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* to disbursements on the COG's Trial Balance and General Ledger reports.

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

2. DODD asked us to determine whether the COG's disbursements on the Trial Balance and General Ledger reports were properly classified within two percent of total service contracts, other expenses and COG expenses for worksheets 2 through 5 of the Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*, and report variances over \$100 which are nonfederal reimbursable under 2 CFR Appendix B.

We scanned the COG's Trial Balance and General Ledger reports, and COG and County Board Trial Balance worksheets for service contracts, other expenses and COG expense rows on worksheets 2 through 5 of the Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* and reviewed documentation to identify disbursements not classified according to the Cost Report Guides or costs which are non-federal reimbursable under 2 CFR 225 Appendix B.

We also scanned for any program costs without corresponding statistics that are non-federal reimbursable because they do not demonstrate that the COG or one of the member County Board's programs received a measurable benefit as required under Appendix A, section (C) (3)(a) and the Cost Report Guides.

We found misclassified and non-federal reimbursable costs as reported in Appendix A. We found no program costs without corresponding statistics.

3. DODD asked us to haphazardly select a sample of 60 non-payroll disbursements from the General Ledger report that were classified as total service contracts, other expenses or COG expenses on worksheets 2 through 5 of the Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*.

We haphazardly selected a sample of 60 disbursements from the General Ledger report and 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 misclassified and non-federal reimbursable costs as reported in Appendix A.

4. DODD asked us to scan the COG's General Ledger report for items purchased during 2013 that met the COG's capitalization criteria and trace them to inclusion on the COG's Depreciation Schedule.

We found no unrecorded purchases meeting the capitalization criteria.

Payroll Testing

1. DODD asked us to determine if employee salaries on the COG's payroll reports were within two percent of payroll costs reported on the Cost Report and the *County Summary Workbooks*.

We compared the total payroll costs per the COG's Payroll Detail and Trial Balance reports with payroll costs reported on the Cost Report and the *County Summary Workbooks*.

We found no differences exceeding two percent.

2. We scanned the COG's Payroll Detail for 2013 report and compared classification of employees to entries on the Cost Report and *County Summary Workbooks* to determine if salary and benefit costs were reported in accordance with the Cost Report Guides.

We found differences as reported in Appendix A.

Property, Depreciation, and Asset Verification Testing

1. DODD asked us to compare the COG'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 as a result of applying the above procedure.

2. DODD asked us to compare the COG's depreciation schedule to *Worksheet 1, Capital Costs* of the Cost Report and report any variances exceeding \$100.

We compared all depreciation entries on *Worksheet 1, Capital Costs* to the COG's Depreciation Schedule.

We found no differences exceeding \$100.

3. We scanned the COG's 2013 Depreciation Schedule for depreciation taken on the same asset more than once, assets that have been fully depreciated, or depreciation taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides.

We found no differences.

4. We compared the COG's final 2012 Depreciation Schedule to the COG's 2013 Depreciation Schedule for changes in the depreciation amounts for assets purchased prior to the period under review which were not in compliance with the Cost Report Guides.

We found no differences.

5. DODD asked us to haphazardly select the lesser of five of the COG's fixed assets or five percent of items which meet the COG's capitalization policy and are being depreciated in their first year in 2013 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides.

Property, Depreciation, and Asset Verification Testing (Continued)

We selected one fixed asset which was depreciated in its first year in 2013 and determined if the reported useful life agreed with the 2008 AHA Asset Guide. We also recomputed the first year's depreciation for this asset, based on its cost, acquisition date and useful life, to determine compliance with the Cost Report Guides.

We found no differences.

6. DODD asked us to haphazardly select the lesser of five percent of five disposed assets in 2013 from the COG's list of disposed assets and determined if the asset was removed from the COG's fixed asset ledger.

We selected one disposed asset from the COG's list of disposed assets and determined if the asset was removed from the COG's Depreciation Schedule. We also recalculated depreciation and any gain or loss applicable to 2013 for the disposed item 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 no differences.

Medicaid Administrative Claiming Testing

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

We compared salaries and benefits entered on the MAC RMTS report to the COG's Payroll Detail report.

We found no differences exceeding one percent.

2. We compared the MAC RMTS reports to Lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming*.

We found no differences.

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

We found no differences.

4. We selected 14 RMTS observed moments completed by employees of the COG from the DODD RMTS Participant Moments Question and Answer report for the first quarter of 2013 in which they documented their time spent on administering Medicaid-funded programs. We determined if supporting documentation of the COG 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 2013.

We found no differences.

Southern Ohio Council of Governments
Independent Auditor's Report on
Applying Agreed-Upon Procedures

We did not receive a response from officials to the exceptions noted above.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the COG's Cost Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the managements of the COG, DODD, the Ohio Department of Medicaid, the Centers for Medicare and Medicaid Services, and is not intended to be, and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

April 15, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

Appendix A
Southern Ohio Council of Governments
2013 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Southern Ohio Council of Governments				
Worksheet 2				
4. Other Expenses	\$ 104,310	\$ (667)		To reclassify unallowable employee morale expenses
		\$ (2,922)		To reclassify Bridges travel expenses
		\$ (5,665)	\$ 95,056	To remove CAFS settlement expense
Worksheet 4				
4. Other Expenses (B) Non-Federal Reimbursable	\$ 25,166	\$ 667	\$ 25,833	To reclassify unallowable employee morale expenses
Worksheet 5				
4. Other Expenses	\$ -	\$ 286	\$ 286	To allocate payroll by actual MUI cases
Adams County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 366	\$ 206	\$ 572	To allocate payroll by actual MUI cases
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 3,143	\$ 42	\$ 3,185	To allocate payroll by actual provider compliance reviews
Athens County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 7,747	\$ 2,259	\$ 10,006	To allocate payroll by actual MUI cases
Worksheet 7-B				
18. Nursing Services (L) Community Residential	\$ 5,678	\$ (1,691)	\$ 3,987	To allocate payroll by actual QA reviews
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 4,016	\$ (404)	\$ 3,612	To allocate payroll by actual provider compliance reviews
Brown County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 11,505	\$ (5,215)	\$ 6,290	To allocate payroll by actual MUI cases
Worksheet 7-B				
18. Nursing Services (L) Community Residential	\$ 11,549	\$ (1,980)	\$ 9,569	To allocate payroll by actual QA reviews
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 6,029	\$ 586		To allocate payroll by actual provider compliance reviews
		\$ (969)	\$ 5,646	To allocate payroll by behavior support generated units
Clinton County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 2,550	\$ (1,292)	\$ 1,258	To allocate payroll by actual MUI cases
Worksheet 7-B				
18. Nursing Services (L) Community Residential	\$ 3,272	\$ (481)	\$ 2,791	To allocate payroll by actual QA reviews
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 27,509	\$ 121		To allocate payroll by actual provider compliance reviews
		\$ (961)	\$ 26,669	To allocate payroll by behavior support generated units
Fayette County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 2,550	\$ 881	\$ 3,431	To allocate payroll by actual MUI cases
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 1,268	\$ (434)	\$ 834	To allocate payroll by actual provider compliance reviews
Worksheet 10				
27. Direct Services (G) Community Employment	\$ 12,421	\$ 1,420		To allocate payroll by actual Bridges individuals served
		\$ 543	\$ 14,384	To reclassify Bridges travel expenses

Appendix A (Page 2)
 Southern Ohio Council of Governments
 2013 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Gallia County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 4,255	\$ (195)	\$ 4,060	To allocate payroll by actual MUI cases
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 211	\$ 66	\$ 277	To allocate payroll by actual provider compliance reviews
Highland County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 2,550	\$ 6,828	\$ 9,378	To allocate payroll by actual MUI cases
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 4,017	\$ 429	\$ 4,446	To allocate payroll by actual provider compliance reviews
Worksheet 10				
27. Direct Services (G) Community Employment	\$ 12,421	\$ 3,549		To allocate payroll by actual Bridges individuals served
		\$ 626	\$ 16,596	To reclassify Bridges travel expenses
Jackson County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 1,675	\$ 727	\$ 2,402	To allocate payroll by actual MUI cases
Worksheet 7-B				
18. Nursing Services (L) Community Residential	\$ -	\$ 3,190	\$ 3,190	To allocate payroll by actual QA reviews
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 5,871	\$ 133		To allocate payroll by actual provider compliance reviews
		\$ 2,603	\$ 8,607	To allocate payroll by behavior support generated units
Lawrence County				
Worksheet 7-B				
18. Nursing Services (L) Community Residential	\$ 962	\$ (165)	\$ 797	To allocate payroll by actual QA reviews
Worksheet 10				
27. Direct Services (G) Community Employment	\$ 12,421	\$ (12,421)	\$ -	To allocate payroll by actual Bridges individuals served
Meigs County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 240	\$ 1,361	\$ 1,601	To allocate payroll by actual MUI cases
Worksheet 7-B				
18. Nursing Services (L) Community Residential	\$ 1,925	\$ (330)	\$ 1,595	To allocate payroll by actual QA reviews
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 4,738	\$ (169)		To allocate payroll by actual provider compliance reviews
		\$ (673)	\$ 3,896	To allocate payroll by behavior support generated units
Pickaway County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 6,896	\$ (1,806)	\$ 5,090	To allocate payroll by actual MUI cases
Worksheet 7-B				
18. Nursing Services (L) Community Residential	\$ -	\$ 399	\$ 399	To allocate payroll by actual QA reviews
Worksheet 10				
27. Direct Services (G) Community Employment	\$ 12,421	\$ 13,130		To allocate payroll by actual Bridges individuals served
		\$ 1,002	\$ 26,553	To reclassify Bridges travel expenses
Pike County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 7,487	\$ (2,112)	\$ 5,375	To allocate payroll by actual MUI cases
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 22,286	\$ (804)	\$ 21,482	To allocate payroll by actual provider compliance reviews
Worksheet 10				
27. Direct Services (G) Community Employment	\$ 12,421	\$ 6,743		To allocate payroll by actual Bridges individuals served
		\$ 751	\$ 19,915	To reclassify Bridges travel expenses

Appendix A (Page 3)
 Southern Ohio Council of Governments
 2013 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Ross County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 7,871	\$ (1,295)	\$ 6,576	To allocate payroll by actual MUI cases
Worksheet 7-B				
18. Nursing Services (L) Community Residential	\$ 9,624	\$ 344	\$ 9,968	To allocate payroll by actual QA reviews
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 4,228	\$ 773	\$ 5,001	To allocate payroll by actual provider compliance reviews
Scioto County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 5,975	\$ 944	\$ 6,919	To allocate payroll by actual MUI cases
Worksheet 7-B				
18. Nursing Services (L) Community Residential	\$ 1,925	\$ 866	\$ 2,791	To allocate payroll by actual QA reviews
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 51,810	\$ (103)	\$ 51,707	To allocate payroll by actual provider compliance reviews
Worksheet 10				
27. Direct Services (G) Community Employment	\$ 12,421	\$ (12,421)	\$ -	To allocate payroll by actual Bridges individuals served
Vinton County				
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 2,435	\$ (1,292)	\$ 1,143	To allocate payroll by actual MUI cases
Worksheet 7-B				
18. Nursing Services (L) Community Residential	\$ 1,347	\$ (151)	\$ 1,196	To allocate payroll by actual QA reviews
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 1,903	\$ (236)	\$ 1,667	To allocate payroll by actual provider compliance reviews

This page intentionally left blank.



Dave Yost • Auditor of State

SOUTHERN OHIO COUNCIL OF GOVERNMENT

ROSS 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 19, 2015**