



Dave Yost • Auditor of State



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Independent Accountants' Report on Applying Agreed-Up Procedures

Halina Schroeder, Audit Chief
Division of Fiscal Administration, Audit Office
Ohio Department of Developmental Disabilities
30 East Broad Street, 8th 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 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 Northwest Ohio Waiver Administration Council (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*¹ for the year ended December 31, 2015 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.

Trial Balance and Non-Payroll Expenditures

1. We compared 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* to identify variances greater than \$250 for total service contracts, other expenses and COG expenses on any worksheet.

We found no variances.

2. We compared total COG non-payroll disbursements on the Trial Balance and General Ledger reports to 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* to determine if non-payroll costs were reported within two percent.

We found no variances.

¹ The COG recorded receipts and disbursements and prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following county boards of developmental disabilities: Defiance, Fulton, Henry, Lucas, Paulding, Putnam, Van Wert and Williams.

Trial Balance and Non-Payroll Expenditures (Continued)

3. We scanned the COG's Trial Balance and General Ledger reports and judgmentally selected 40 non-payroll disbursements from the service contracts, other expenses and COG expense on worksheets 2 through 5 of the Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*.

We determined if supporting documentation was maintained, the costs were allowable and properly classified according to the Cost Report Guides and 2 CFR 225 and identified any variances not classified as prescribed by the Cost Report Guide or costs which are non-federal reimbursable under 2 CFR 225 Appendix B and over \$250.

We also scanned for any program costs without corresponding statistics that are non-federal reimbursable because they do not demonstrate a measurable benefit as required under Appendix A, section (C)(3)(a) and the Cost Report Guides.

We reported misclassified costs in Appendix A. We found no program costs that lacked corresponding statistics.

4. We scanned the COG's General Ledger report for items purchased during 2015 that met the COG's capitalization criteria.

We found no unrecorded purchases meeting the capitalization criteria.

Payroll Testing

1. We compared the COG's payroll disbursements on the Payroll Register with Job Titles and Salaries and Benefits reports to salaries and benefits reported on the Cost Report and the *County Summary Workbooks* to determine if payroll costs were reported within two percent.

We reported variances in Appendix A.

2. We scanned the COG's Salaries and Benefits 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 reported variances in Appendix A.

Property, Depreciation and Asset Verification Testing

1. DODD asked that we compare all depreciation entries on *Worksheet 1, Capital Costs* to the COG's Depreciation Schedule to report any variances exceeding \$250.

We did not perform this procedure as the COG had no depreciation schedule, reported no depreciation costs on *Worksheet 1* and stated it had no fixed assets.

2. DODD asked that we compare the COG's final 2014 Depreciation Schedule and prior year depreciation adjustments to the COG's 2015 Depreciation Schedule for changes in the depreciation amounts for assets purchased prior to the periods under review, 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 to identify any cell variances greater than \$250.

Property, Depreciation and Asset Verification Testing (Continued)

We did not perform this procedure (see above).

3. DODD asked that we haphazardly select the lesser of 10 of the COG's fixed assets or 10 percent of items which met the COG's capitalization policy and were being depreciated in their first year in 2015 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2013 AHA Asset Guides. DODD also asked us to recompute 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 to identify any variances.

We did not perform this procedure (see above).

4. DODD asked that we haphazardly select the lesser of 10 percent or 10 disposed assets in 2015 from the COG's list of disposed assets and determine if the asset was removed from the COG's fixed asset ledger. DODD asked that we recalculate depreciation and any gain or loss applicable to 2015 for the disposed items based on its undepreciated basis and any proceeds received from the disposal or sale of the asset to determine compliance with the Cost Report Guide and CMS Publication 15-1, Chapter 1 and identify any variances.

We did not perform this procedure (see above).

Medicaid Administrative Claiming (MAC) Testing

1. We compared the MAC salary and benefits versus the COG's Payroll Register with Job Titles report and determined if MAC salary and benefits were greater by more the one percent. If the variance was greater than one percent, we would contact DODD's Random Moment Time Study (RMTS) Coordinator to correct the misstatements identified.

We found the COG's salaries and benefits exceeded the MAC salaries and benefits

2. We compared the MAC RMTS report to lines 1 and 2 of *Worksheet 4, Medicaid Administrative Claiming*.

We found no variances.

3. We selected 10 RMTS observed moments and 10 percent of any RMTS moments above that amount that were completed by employees of the COG from the DODD RMTS Participant Moments Question and Answer report for the 3rd quarter of 2015. We selected 11 observed moments and determined if supporting documentation was maintained and properly classified in accordance with DODD's Guide to Medicaid Administrative Claiming (MAC) using the Random Moment Time Studies (RMTS) Methodology for 2012.

We found no variances.

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.

Northwest Ohio Waiver Administration Council
Independent Accountants' Report on
Applying Agreed-Upon Procedures

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

September 7, 2016

Appendix A
Northwest Ohio Waiver Administration Council
2015 Income and Expenditure Report and County Summary Workbook Adjustments

	<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	<u>Explanation of Correction</u>
Northwest Ohio Waiver Administration Council				
Schedule A				
1. Defiance County (Summary Sheet Lines 13-27)	\$ 34,193	* \$ (66)	\$ 34,127	See footnote * below.
2. Fulton County (Summary Sheet Lines 13-27)	\$ 6,008	* \$ 95	\$ 6,103	See footnote * below.
3. Henry County (Summary Sheet Lines 13-27)	\$ 5,607	* \$ 7	\$ 5,614	See footnote * below.
4. Paulding County (Summary Sheet Lines 13-27)	\$ 4,840	* \$ 15	\$ 4,855	See footnote * below.
		* \$ 32	\$ 4,887	See footnote * below.
5. Putnam County (Summary Sheet Lines 13-27)	\$ 12,322	* \$ 150	\$ 12,472	See footnote * below.
6. Van Wert County (Summary Sheet Lines 13-27)	\$ 74,181	* \$ 14	\$ 74,195	See footnote * below.
7. Williams County (Summary Sheet Lines 13-27)	\$ 71,787	* \$ (36,730)	\$ 35,057	See footnote * below.
		* \$ (43)	\$ 35,014	See footnote * below.
Worksheet 2				
1. Salaries (A) Cost	\$ 19,465	\$ 33,904	\$ 53,369	To match payroll report
4. Other Expenses (A) Cost	\$ 75,865	\$ (21,600)	\$ 54,265	To reclassify building service expenses
Worksheet 3				
4. Other Expenses (A) Cost	\$ -	\$ 21,600	\$ 21,600	To reclassify building service expenses
Defiance County				
Worksheet 2				
10. Indirect Costs (E) Facility Based Services	\$ 53	* \$ 10	\$ 63	See footnote * below.
10. Indirect Costs (L) Community Residential	\$ 3,272	* \$ 637	\$ 3,909	See footnote * below.
10. Indirect Costs (N) Service & Support Admin	\$ 1,157	* \$ 225	\$ 1,382	See footnote * below.
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 42,176	* \$ 65	\$ 42,241	See footnote * below.
Worksheet 3				
12 Building Services (E) Facility Based Services	\$ -	* \$ 13	\$ 13	See footnote * below.
12 Building Services (L) Community Residential	\$ -	* \$ 784	\$ 784	See footnote * below.
12 Building Services (N) Service & Support Admin	\$ -	* \$ 277	\$ 277	See footnote * below.
12 Building Services (O) Non-Federal Reimbursable	\$ -	* \$ 93	\$ 93	See footnote * below.
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 2,774	\$ (66)	\$ 2,708	To correct payroll allocation
Fulton County				
Worksheet 2				
10. Indirect Costs (N) Service & Support Admin	\$ 565	* \$ 126	\$ 691	See footnote * below.
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 292	* \$ 57	\$ 349	See footnote * below.
Worksheet 3				
12 Building Services (N) Service & Support Admin	\$ -	* \$ 139	\$ 139	See footnote * below.
12 Building Services (O) Non-Federal Reimbursable	\$ -	* \$ 70	\$ 70	See footnote * below.
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 3,960	\$ 95	\$ 4,055	To correct payroll allocation
Henry County				
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 800	* \$ 157	\$ 957	See footnote * below.
Worksheet 3				
12 Building Services (O) Non-Federal Reimbursable	\$ -	* \$ 192	\$ 192	See footnote * below.
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 5,607	\$ 7	\$ 5,614	To correct payroll allocation

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Northwest Ohio Waiver Administration Council
2015 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Lucas County				
Worksheet 2				
10. Indirect Costs (M) Family Support Services	\$ 15,798	* \$ 3,071	\$ 18,869	See footnote * below.
Worksheet 3				
12 Building Services (O) Non-Federal Reimbursable	\$ -	* \$ 3,787	\$ 3,787	See footnote * below.
Paulding County				
Worksheet 2				
10. Indirect Costs (E) Facility Based Services	\$ 52	* \$ 11	\$ 63	See footnote * below.
10. Indirect Costs (N) Service & Support Admin	\$ 451	* \$ 94	\$ 545	See footnote * below.
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 186	* \$ 39	\$ 225	See footnote * below.
Worksheet 3				
12 Building Services (E) Facility Based Services	\$ -	* \$ 13	\$ 13	See footnote * below.
12 Building Services (N) Service & Support Admin	\$ -	* \$ 109	\$ 109	See footnote * below.
12 Building Services (O) Non-Federal Reimbursable	\$ -	* \$ 45	\$ 45	See footnote * below.
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 1,306	\$ 15	\$ 1,321	To correct payroll allocation
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 3,166	\$ 32	\$ 3,198	To correct payroll allocation
Putnam County				
Worksheet 2				
10. Indirect Costs (N) Service & Support Admin	\$ 1,758	* \$ 367	\$ 2,125	See footnote * below.
Worksheet 3				
12 Building Services (N) Service & Support Admin	\$ -	* \$ 426	\$ 426	See footnote * below.
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 12,322	\$ 150	\$ 12,472	To correct payroll allocation
Van Wert County				
Worksheet 2				
10. Indirect Costs (B) Pre-School	\$ 718	* \$ 140	\$ 858	See footnote * below.
10. Indirect Costs (E) Facility Based Services	\$ 53	* \$ 10	\$ 63	See footnote * below.
10. Indirect Costs (L) Community Residential	\$ 288	* \$ 56	\$ 344	See footnote * below.
10. Indirect Costs (N) Service & Support Admin	\$ 9,102	* \$ 1,768	\$ 10,870	See footnote * below.
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 422	* \$ 84	\$ 506	See footnote * below.
Worksheet 3				
12 Building Services (B) Pre-School	\$ -	* \$ 172	\$ 172	See footnote * below.
12 Building Services (E) Facility Based Services	\$ -	* \$ 13	\$ 13	See footnote * below.
12 Building Services (L) Community Residential	\$ -	* \$ 69	\$ 69	See footnote * below.
12 Building Services (N) Service & Support Admin	\$ -	* \$ 2,182	\$ 2,182	See footnote * below.
12 Building Services (O) Non-Federal Reimbursable	\$ -	* \$ 102	\$ 102	See footnote * below.
Worksheet 5				
15. Direct Services (O) Non-Federal Reimbursable	\$ 2,958	\$ 14	\$ 2,972	To correct payroll allocation

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Northwest Ohio Waiver Administration Council
2015 Income and Expenditure Report and County Summary Workbook Adjustments

		<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	<u>Explanation of Correction</u>
Williams County					
Worksheet 2					
10.	Indirect Costs (B) Pre-School	\$ 498	* \$ (22)	\$ 476	See footnote * below.
10.	Indirect Costs (E) Facility Based Services	\$ 53	* \$ 10	\$ 63	See footnote * below.
10.	Indirect Costs (L) Community Residential	\$ 5,941	* \$ (5,104)	\$ 837	See footnote * below.
10.	Indirect Costs (M) Family Support Services	\$ 2,011	* \$ 391	\$ 2,402	See footnote * below.
10.	Indirect Costs (N) Service & Support Admin	\$ 1,389	* \$ 270	\$ 1,659	See footnote * below.
10.	Indirect Costs (O) Non-Federal Reimbursable	\$ 10,898	* \$ 80	\$ 10,978	See footnote * below.
Worksheet 3					
12	Building Services (B) Pre-School	\$ -	* \$ 95	\$ 95	See footnote * below.
12	Building Services (E) Facility Based Services	\$ -	* \$ 13	\$ 13	See footnote * below.
12	Building Services (L) Community Residential	\$ -	* \$ 168	\$ 168	See footnote * below.
12	Building Services (M) Family Support Services	\$ -	* \$ 482	\$ 482	See footnote * below.
12	Building Services (N) Service & Support Admin	\$ -	* \$ 333	\$ 333	See footnote * below.
12	Building Services (O) Non-Federal Reimbursable	\$ -	* \$ 106	\$ 106	See footnote * below.
Worksheet 5					
15.	Direct Services (L) Community Residential	\$ 41,643	\$ (36,730)	\$ 4,913	To remove developmental center fee expenses
15.	Direct Services (O) Non-Federal Reimbursable	\$ 3,147	\$ (43)	\$ 3,104	To correct payroll allocation

* These are not adjustments found as a direct result of agreed upon procedures (AUP) performed, but are a function of how costs are calculated and flow down from *Schedule A* and *Schedule B* of the COG Cost Report to the County Summary Workbooks after AUP adjustments were made to *Worksheet 2* and *Worksheet 3* of the COG Cost Report.

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Dave Yost • Auditor of State

NORTHWEST OHIO WAVIER ADMINISTRATION COUNCIL

DEFIANCE 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 10, 2016**