



Dave Yost • Auditor of State





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## Independent Accountants' Report on Applying Agreed-Upon Procedures

Ohio Department of Medicaid  
50 West Town Street, Suite 400  
Columbus, Ohio 43215

We have performed the procedures enumerated below, which were agreed to by the Ohio Department of Medicaid (ODM), on the Aging Administered Waiver Annual Cost Report (Cost Report) for the Direction Home Akron Canton Area Agency on Aging (hereafter referred to as the PAA) for the period July 1, 2013 through June 30, 2014 (fiscal year (FY) 2014). The PAA's management is responsible for preparing this report. The sufficiency of these procedures is solely the responsibility of ODM. 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.

Unless otherwise identified in the procedure, this report only describes exceptions exceeding \$500.

### Revenue

1. We compared the revenue reported in the *Ohio Department of Aging (ODA) Administered Waiver Programs Monthly Financial Report, Final Page A* to the PAA's Trial Balance and Detail General Ledger - Standard reports and SFY 2013 Cost Report. We found no variances exceeding \$500.
2. We compared the Liability Billed and Collected report to the Detailed General Ledger – Standard reports and *Final Page A* and determined if the costs were properly posted. We found no variances.

### Square Footage

1. We obtained the PAA's Rent Allocation worksheet and Floor summaries and compared it with the square footage used for the cost allocation in the Cost Report. We found no variances.

### Trial Balance and Non-Payroll Expenses

1. We compared the disbursements on the PAA's Detail General Ledger - Standard reports and Worksheet 1 Detail report to *Worksheet 1, Total Allowable Expenses by Line Item* for each waiver. We found no variances.

In addition, we compared the PAA's PASSPORT Information Management System (PIMS) report to total *Worksheet 2, Waiver Services Expenses* Detail costs and determined if the variance was greater than one half percent of the total PIMS costs. We found variances below the threshold and determined the PAA's Cost Report did not contain an explanation for the variance.

2. We scanned the PAA's Detail General Ledger – Standard reports and selected 60 disbursements from all cost pools and determined if supporting documentation was maintained, the costs were allowable, properly allocated and classified to the correct cost center in accordance with the Three Party Agreement, Cost Report Instructions and 2 CFR part 225. We reported variances in Appendix A (see Finding Number 1).

### **Trial Balance and Non-Payroll Expenses (Continued)**

3. We found the PAA used an allocation methodology consistent with the Cost Report Instructions and we verified that the PAA applied the correct allocation to each cost center consistent with its Rent Allocation worksheet, Floor summaries and monthly time study summaries. We found no variances.

### **Payroll**

1. We compared total salaries and benefits on the *Worksheet 1* for each waiver to the PAA's Detail General Ledger - Standard reports and Worksheet 1 Detail report to identify variances greater than two percent of each waiver's individual cost categories. We found no variances.
2. We selected 20 employees and obtained the detailed time card reports for one month for each employee. We verified that each employee's time sheet accurately rolled up to the individual cost centers on the monthly time study. We found no variances.

### **Property**

1. We compared the PAA's capital costs reported on *Worksheet 1* to the Detail General Ledger - Standard reports and Worksheet 1 Detail report. We found no variances.
2. We compared the PAA's FY 2014 Depreciation Expense Report to its prior fiscal year Depreciation Expense Report 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 which was not in compliance with the Cost Report Instructions. We found no variances.
3. We determined the PAA's capitalization threshold and selected the lesser of 10 or 10 percent of the PAA's fixed assets which meet the capitalization threshold and were being depreciated in the first year in FY 2014 and determined if the useful lives agreed to the estimated useful lives prescribed in the 2013 American Hospital Association (AHA) Asset Guide. We also recomputed the first year's depreciation for the one asset tested, based on cost, acquisition date and useful life to determine compliance with the Cost Report Instructions and AHA Asset Guide. We found no variances.
4. We selected the lesser of 10 percent or 10 disposed assets from the PAA's Disposal Report - FY 2014 report and determined if the asset was removed from the PAA's Depreciation Expense Report. We also recalculated depreciation and any gain or loss for the one disposed items tested, based on the undepreciated basis and any proceeds received from the disposal of the asset to determine compliance with the Cost Report Instructions and CMS Publication 15-1, Chapter 1. We found no variances.
5. We scanned the PAA's Detail General Ledger - Standard report for items purchased during the fiscal year that met the PAA's capitalization criteria and the procurement requirements and traced them to the PAA's Depreciation Expense Report. This included a scan of the repair and maintenance accounts to determine if these disbursements are properly reported in regards to capitalization and expenditure classification. We reported variances in Appendix A (see Finding Number 2).

**Contract Monitoring**

1. We determined the PAA did not have written procedures for all provider oversight processes during the Cost Report period. We selected five providers for pre-certification, annual structural compliance and expansion reviews to determine if the PAA maintained supporting documentation showing it performed provider oversight processes during the Cost Report period in accordance with Section II (A)(3) in its Three Party Agreement with ODM and ODA. We found no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Aging Administered Waiver Annual Cost Report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported. This report is intended solely for the information and use of the PAA and ODM, and is not intended to be, and should not be used by anyone other than the specified parties.



**Dave Yost**  
Auditor of State

October 30, 2017

Appendix A

Direction Home Akron Canton Area Agency on Aging

SUMMARY OF COST AND EXPENSE ADJUSTMENTS (Corrections)

PROGRAM PASSPORT

COST REPORT									
Finding Number	Worksheet	Line	Account	Cost Center	Type of Finding	Specific Compliance Citation	Reported Costs	Audit Adjustments	Audited Cost
1	1	3	Employee Benefits	General Administrative	Unallowable employee morale expense (corresponding variance was to non-Medicaid costs)	2 CFR 225, Appendix B, 13(a) Employee Morale, Health and Welfare costs	\$272,505.65	(\$249.00)	<b>\$272,256.65</b>
1	1	3	Employee Benefits	Administrative Case Management	Unallowable employee morale expense (corresponding variance was to non-Medicaid costs)	2 CFR 225, Appendix B, 13(a) Employee Morale, Health and Welfare costs	\$1,064,264.34	(\$851.00)	<b>\$1,063,413.34</b>
2	1	6	Equipment < \$5,000	General Administrative	To remove acquisition cost of unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$57,902.61	(\$1,327.01)	<b>\$56,575.60</b>
2	1	6	Equipment < \$5,000	Screening	To remove acquisition cost of unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$15,153.59	(\$962.58)	<b>\$14,191.01</b>
2	1	6	Equipment < \$5,000	Evaluation and Assessment	To remove acquisition cost of unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$30,897.43	(\$1,467.15)	<b>\$29,430.28</b>
2	1	6	Equipment < \$5,000	Administrative Case Management	To remove acquisition cost of unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$215,481.54	(\$6,830.28)	<b>\$208,651.26</b>
2	1	11	Capital Cost	General Administrative	To record depreciation expense for unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$49,844.11	\$72.36	<b>\$49,916.47</b>
2	1	11	Capital Cost	Screening	To record depreciation expense for unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$31,276.53	\$58.49	<b>\$31,335.02</b>
2	1	11	Capital Cost	Evaluation and Assessment	To record depreciation expense for unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$20,384.44	\$90.80	<b>\$20,475.24</b>
2	1	11	Capital Cost	Administrative Case Management	To record depreciation expense for unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$145,786.50	\$408.03	<b>\$146,194.53</b>

PROGRAM Assisted Living

COST REPORT									
Finding Number	Worksheet	Line	Account	Cost Center	Type of Finding	Specific Compliance Citation	Reported Costs	Audit Adjustments	Audited Cost
2	1	6	Equipment < \$5,000	General Administrative	To remove acquisition cost of unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$2,981.15	(\$72.54)	<b>\$2,908.61</b>
2	1	6	Equipment < \$5,000	Screening	To remove acquisition cost of unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$720.92	(\$47.03)	<b>\$673.89</b>
2	1	6	Equipment < \$5,000	Evaluation and Assessment	To remove acquisition cost of unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$396.14	(\$19.10)	<b>\$377.04</b>
2	1	6	Equipment < \$5,000	Administrative Case Management	To remove acquisition cost of unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$6,539.41	(\$400.02)	<b>\$6,139.39</b>
2	1	11	Capital Cost	General Administrative	To record depreciation expense for unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$2,608.83	\$4.95	<b>\$2,613.78</b>
2	1	11	Capital Cost	Screening	To record depreciation expense for unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$875.61	\$2.47	<b>\$878.08</b>

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Direction Home Akron Canton Area Agency on Aging

PROGRAM PASSPORT (Continued)

COST REPORT									
Finding Number	Worksheet	Line	Account	Cost Center	Type of Finding	Specific Compliance Citation	Reported Costs	Audit Adjustments	Audited Cost
2	1	11	Capital Cost	Evaluation and Assessment	To record depreciation expense for unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$227.43	\$0.87	<b>\$228.30</b>
2	1	11	Capital Cost	Administrative Case Management	To record depreciation expense for unrecorded capital asset	CMS Publication 15-1, Chapter 1, Depreciation	\$6,797.77	\$23.82	<b>\$6,821.59</b>

**Total Effect on Cost Report**

(\$11,563.92)

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# Dave Yost • Auditor of State

**DIRECTION HOME AKRON CANTON AREA AGENCY ON AGING**

**SUMMIT COUNTY**

## **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 14, 2017**