



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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SCHEDULE OF OFFICIALS AND ADMINISTRATIVE PERSONNEL

BELMONT COUNTY COMMITTEE ON AGING

EXECUTIVE BOARD TRUSTEES (lifetime appointment)

Eugene Householder, Chairman

Joseph Hudak, Vice Chairman

Henry Kozel, Secretary/Treasurer

Fred Diab

Frances Wilkinson

BOARD OF COMMISSIONERSTERM ENDING

Mr. Mike Bianconi 12/31/00

Mr. Chuck Probst 12/31/02

Mrs. Anita Whiley 12/31/00

OTHER PERSONNEL

Robert Laxton, Executive Director

Kathy Heil, Fiscal Officer

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490
www.auditor.state.oh.us

Report of Independent Accountants

Mr. Robert G. Laxton, Executive Director,
Members of the Executive Board of the Belmont County Committee on Aging,
and
Belmont County Commissioners
45240 National Road
St. Clairsville, Ohio 43950

Pursuant to a request, we have conducted a "Special Audit" and performed the procedures summarized below and detailed in our "Supplement to the Special Audit Report," which were agreed to by you for the period January 1, 1998 through June 30, 1999 ("the Period"). These procedures were performed solely 1) to determine whether expenditures from the levy fund and selected grant fund transactions were allowable per the grant agreement or the contract with the Belmont County Commissioners; 2) reviewed the creation and formation of the Bellaire Housing Project and the funding utilized for the project to verify whether levy or restricted grant monies were utilized for the project; 3) to determine whether individuals receiving services are charged to more than one grant; 4) to determine if the Belmont County Committee on Aging (BCCOA) was reimbursed for documented services provided; to obtain an understanding of the donation process and review the donations received to determine if monies received were deposited; 5) to determine if only allowable funding sources were used for services provided outside of the County; 6) to determine if the usage of the In Home Care services and transportation services was in accordance with grant provisions; and 7) to determine if all assets purchased by BCCOA were included in the fixed asset listing based on funding sources. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the users of the report. Consequently, we make no representation regarding the sufficiency of the procedures discussed below for the purpose for which this report has been requested or for any other purpose. The procedures we performed are summarized as follows:

1. We obtained an understanding of the various revenue sources received by BCCOA during the Period and how expenditures were allocated to those revenue sources. Using BCCOA cancelled checks and related invoices, we identified all expenditures funded either partially or wholly with levy proceeds. For each of these expenditures, we determined whether the expenditure was allowable according to the levy language. For those expenditures identified which were also partially funded with federal grant monies, we determined whether the expenditure was allowable according to the grant requirements. We reviewed all of the remaining cancelled checks and supporting documentation (such as invoices and packing slips) for irregularities such as a) check endorsements that did not agree to the payee; b) lack of third-party documentation; c) vendor names which did not appear to provide senior citizen-related services/products, and d) possible related party transactions.
2. We identified BCCOA's proposed funding sources for the Belltonian Housing Project (the Project) to determine whether BCCOA intends to use any levy monies or federal grant monies to finance the Project.

3. We reviewed BCCOA van driver meal delivery logs and Passport-eligibility listings maintained by the Area Agency on Aging, Region 9, Inc., (AAA) to determine whether the meals which were funded by the Passport Program were provided only to Passport-eligible clients. For each exception, we determined whether the meal could have been charged to the Waiver IV or Title III C-2 programs.
4. We obtained the monthly requests for reimbursements prepared by BCCOA and submitted to the County, AAA, and ODHS and reviewed supporting documentation such as invoices, meal delivery logs, client service sheets, and payroll records to determine whether the reimbursement requests agreed to the type and amount of services provided.
5. We conducted interviews of relevant individuals and reviewed BCCOA's receipt ledgers and grant agreements to determine a) whether BCCOA actively solicited donations from clients receiving congregate and/or homebound meals funded by the Passport program and/or Title III C-1 and Title III C-2; b) whether those donations were permitted to be solicited and received according to the grant agreements; and c) whether the donations which were recorded in BCCOA's receipts ledger were deposited.
6. We obtained an understanding of the services provided to clients outside of Belmont County and attempted to determine whether levy funds were used to provide those services.
7. We reviewed fixed asset purchases identified in Issue No. 1 to determine whether the fixed assets purchased wholly or partially with levy funds were recorded on BCCOA's fixed asset inventory listing. In addition, we determined whether the fixed asset listing identified the funding source(s) of the purchase.
8. On November 13, 2000, we held an exit conference with the following officials representing the BCCOA:

Mr. Robert Laxton, Executive Director
Ms. Kathy Heil, Fiscal Officer
Mr. Marlin Harper, Attorney

The attendees were given an opportunity to respond to this Special Audit. We received a response from Mr. Robert Laxton and Ms. Kathy Heil dated December 6, 2000 and changes were made where we deemed appropriate.

On November 13, 2000, we held an exit conference with the following officials representing the Belmont County Commissioners:

Mr. Michael Bianconi, Commissioner
Mr. Charles Probst, Jr., Commissioner
Ms. Darlene Pempek, Clerk of the Commissioners

The attendees were given an opportunity to respond to this Special Audit. We received a response from the Commissioners dated December 8, 2000 and changes were made where we deemed appropriate.

Our detailed procedures and the results of applying these procedures are contained in the attached "Supplement to the Special Audit Report." Because these procedures do not constitute an examination conducted in accordance with generally accepted auditing standards, we do not express an opinion or limited assurance on any of the accounts or items referred to above. Also, we express no opinion on BCCOA's internal control system over financial reporting or any part thereof. Had we performed additional procedures, or had we conducted an examination of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you.

This report relates only to transactions relating to the above procedures, and does not extend to any financial statements of BCCOA's taken as a whole.

This report is intended for the use of the specified users listed above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Reports by the Auditor of State are a matter of public record and use by other components of state government or local government officials is not limited.

Jim Petro
Auditor of State

November 9, 2000

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SUPPLEMENT TO THE SPECIAL AUDIT REPORT

BACKGROUND

ENTITY BACKGROUND

Belmont County Committee on Aging (BCCOA) is a Not For Profit corporation created for the following purposes as listed in the Articles of Corporation:

- A. To conduct a Senior Citizens Program for the benefit of people 60 years of age and over.
- B. To apply to the state and/or federal government for grants to carry out the above programs.
- C. To operate a minimum of five Senior Citizen Center's in Belmont County.
- D. To hire personnel to operate the program.
- E. To do all that is necessary and convenient or expedient to accomplish the foregoing purposes or are as incidental there to.

BCCOA was established in September of 1972. The By-Laws of BCCOA were amended in 1995 to allow for the provision of services to other counties based on "contracts or agreements with the State of Ohio, County Officials, Municipalities or private individuals."

The Governing Board of BCCOA consists of five appointed trustees. The trustees serve life terms unless the trustee resigns from the board or is terminated in accordance with Board Policies.

BCCOA provides various services which include operating nine senior citizen centers; delivery of hot and frozen meals to homebound clients; serving hot meals at the senior citizen centers; personal care to homebound clients; homemaker services to homebound clients; transportation and escort services; legal assistance; outreach programs; friendly visiting programs; home energy assistance programs; and home repair assistance. BCCOA currently serves residents in Belmont County and provides services under contract with the Area Agency on Aging, Region 9, Inc. (AAA, Inc.) to Harrison and Jefferson Counties.

These services are funded by various state and federal grants. Those expenditures not covered by state and/or federal grants are covered by two Belmont County Senior Citizen tax levies totaling 1.5 mills. These tax levies are levied by Belmont County which collects and records the money within a Special Revenue fund titled "In Home Care Levies". The Belmont County Commissioners have a contract with BCCOA which requires these monies be used to cover expenditures not already covered by state and/or federal dollars for transportation, nutrition, in-home services and other services intended to benefit seniors who are elderly, frail, handicapped, or homebound as defined in the contract. Each month BCCOA is to submit expenditures made which are not funded by state and/or federal grants for reimbursement from the Belmont County Commissioners "In-Home Care Levies Fund."

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

GRANTS RECEIVED

During the audit period, BCCOA received various state and federal grants. The federal grants and a description of the services to be provided are as follows:

Title III B This grant is to be utilized “to meet the human services and social needs of persons 60 years and older in greatest economic and social need in order to promote independent living and thereby reduce unnecessary institutionalization”.

The following services are to be provided by this grant:

- A. Education Services assist senior citizens in obtaining knowledge and skills related to their interests and capabilities through either classroom settings or informal settings.
- B. Health-Medical Assessment provides senior citizens with a basic diagnostic evaluation of his/her present state of health. The evaluation is used to identify problems which may need an in depth analysis by a medical physician.
- C. Legal Counseling helps senior citizens resolve legal matters including domestic, compensation claims, creditor-debtor relationships, civil rights, estate issues, real estate and tenant-landlord issues.
- D. Telephoning Socialization provides frequent contact between isolated or homebound senior citizens and provides staff to insure the continued mental and physical well-being of senior citizens.
- E. Friendly Visiting program provides contacts at the senior citizen’s home, hospital, or nursing home to express continued interest in the senior citizen’s welfare, reduce the feeling of loneliness and other similar purposes. Services may include reading, writing correspondence, or taking the senior citizen on an outing.
- F. Client Finding Service locates senior citizens who are in need of services and encourages them to use BCCOA services.
- G. Mass Outreach is an intervention program presented to groups of senior citizens to inform the citizens of the services available and the benefits of utilizing the services.
- H. Escort Services provide individuals to accompany older persons, individually or in a small group, and help them accomplish the purpose of the trip such as shopping, banking, and getting to medical appointments.
- I. Transportation Services transport senior citizens to and from senior citizen centers to receive services, reduce isolation and otherwise promote independent living.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- Title III C-1** This grant is used to assist BCCOA in serving hot meals to senior citizens who attend senior citizen centers, as well as, promote various services provided at senior citizen centers.
- Title III C-2** This grant is used to assist homebound senior citizens in meeting their daily nutritional requirements by receiving hot and frozen meals. These funds are also used to promote the “Meals on Wheels” program which delivers hot and frozen meals to senior citizens who are homebound. (e.g. advertising)
- Title III D** This grant is used to assist senior citizens who are living at home and need assistance in making repairs to the home. These repairs allow the senior citizens to continue to live in their own home and be independent. Allowable repairs include repairing a leaky roof, repairing steps or ramps, installing handrails, painting and performing tasks which require skilled or semi-skilled personnel.
- Title III F** This grant is used to provide health education to homebound senior citizens which includes a diagnostic evaluation and assistance in maintaining good health.
- USDA Funds** In addition to receiving Title III C funds, BCCOA also receives a reimbursement per meal served to Title III C clients from the federal government to assist in defraying the cost of delivering hot and frozen meals to senior citizen centers and homebound individuals.
- Home Energy Assistance Program** This grant is used to promote the program and assist senior citizens in completing applications to participate in the program. Once the application is approved, this program assists the homeowner in paying the heating costs in the winter.
- Retired Seniors Volunteer Program (RSVP)** This grant is used to fund supervision of volunteers providing various services to homebound senior citizens or those in the hospital. In addition, the volunteers also assist at senior citizen centers.
- Waiver IV** This program provides services to individuals who are handicapped and determined to be eligible for services by the Ohio Department of Human Services. These individuals are eligible to receive meals.
- Passport** This program is provided to medicare recipients determined to be eligible by AAA, Inc. BCCOA provided home delivered meals to eligible individuals in Belmont and Jefferson Counties and provided homemaker, personal care services, minor home modifications, and maintenance & repair services to eligible individuals in Belmont and Harrison Counties. In addition, BCCOA provided telephone support, in person activities, and travel attendants to eligible individuals in Belmont County for Independent Living Assistance.

BCCOA also receives numerous state (e.g. Alzheimers grant) and local grants from sources such as the Belmont County Health Department to assist them in performing the above mentioned services. However, the majority of funding is from the above mentioned federal grants and the Belmont County Senior Citizen Levies.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

SPECIAL AUDIT REQUEST

On June 8, 1999, we received a request for a Special Audit of BCCOA from Ms. Sheila Smith, Administrator/President of Alternative Home Health, Inc. According to Ms. Smith, she represented a group of concerned health professionals that had made referrals to BCCOA for clients in need of assistance. She attached letters from other healthcare professionals who expressed the following concerns:

- A. Levy funds are used for inappropriate purposes. Ms. Smith and other health care professionals have referred clients to BCCOA for services only to be denied due to lack of funding.
- B. Mr. Laxton, BCCOA Executive Director, purchased a boat with levy funds for the senior citizens to use; however, the senior citizens have reported they could not locate the boat. The boat was reportedly sold to Mr. Laxton's friend.
- C. An employee of BCCOA, who does not drive, often uses BCCOA van drivers and vans to escort her to the mall or grocery during regular working hours. When this occurs, the van driver contacts all regularly scheduled clients and cancels their daily transportation.
- D. Most employees of BCCOA only work 9 of the 10 days in a pay period; however, the employees are compensated for all 10 days.
- E. Expenditures of grant monies and levy funds are made for expenditures which have already been reimbursed by other grants.
- F. When expenses are submitted to the County Commissioners for payment, Commissioners do not examine the supporting documentation provided to determine the validity and appropriateness of the expenses.
- G. Meals funded with the federal grants Passport and Title III C-1 and Title III C-2 are to be provided at no cost to the recipient; however, BCCOA trains employees to tell recipients meals are not free and that a donation is to be made for meals delivered.
- H. AAA, Inc. could not obtain a Passport provider for meals in Jefferson County. As a result, BCCOA contracted with AAA, Inc. to provide the meals. Ms. Smith and other residents believe the meals for Jefferson County recipients are prepared at the Belmont County facility, transported using Belmont County vans and BCCOA van drivers, and therefore, may be funded not only by Passport grant monies, but also with local levy funds which are intended for senior citizens in Belmont County, not Jefferson County.

On June 28, 1999, we spoke with Mike Bianconi, Belmont County Commissioner about Ms. Smith's concerns. He also expressed concerns regarding the appropriateness of BCCOA's expenditure of levy funds, the existence of a waiting list for services, and the Executive Director's request for a new building.

Representatives of the Auditor of State's Office performed a preliminary review of the Passport Grant "Requests for Reimbursement" form for the month of May 1999 to determine whether discrepancies existed between the number of meals requested for reimbursement by BCCOA and the number of meals reported on the BCCOA van driver delivery logs. Of the 43 recipients we reviewed, the number of meals requested for reimbursement exceeded the number of meals recorded on the meal delivery logs in 34 instances.

On August 4, 1999 the above information was presented to the Auditor of State's Special Audit Committee which voted to initiate a special audit.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Issue No. 1 - Review of Expenditures

We obtained an understanding of the various revenue sources received by BCCOA during the Period and how expenditures were allocated to those revenue sources. Using BCCOA cancelled checks and related invoices, we identified all expenditures funded either partially or wholly with levy proceeds. For each of these expenditures, we determined whether the expenditure was allowable according to the levy language. For those expenditures identified which were also partially funded with federal grant monies, we determined whether the expenditure was allowable according to the grant requirements. We reviewed all of the remaining cancelled checks and supporting documentation (such as invoices and packing slips) for irregularities such as a) check endorsements that did not agree to the payee; b) lack of third-party documentation; c) vendor names which did not appear to provide senior citizen-related services/products, and d) possible related party transactions.

Procedures:

1. We interviewed Robert G. Laxton, Executive Director, and Kathy Heil, Fiscal Officer, to determine the revenue sources received by BCCOA and the process used to allocate expenditures to those revenue sources.
2. We obtained and reviewed the levy language relating to the two levies in effect during the Period, as well as, the contract between the Belmont County Commissioners and BCCOA to identify restrictions placed on the expenditure of levy funds.
3. We interviewed the Belmont County Commissioners to obtain their understanding of various provisions of their contract with BCCOA and to determine the extent to which they reviewed and approved BCCOA expenditures.
4. We obtained all cancelled checks and invoices on file at BCCOA. We reviewed BCCOA's expenditure ledgers to determine the first and last check issued during the Period and sorted all of the cancelled checks into numerical order to determine all were present. In addition, for all checks which we noticed were manually completed instead of computer-generated, we compared the information on the check to the ledgers and invoices to ensure the information agreed. Using fund/account information on the supporting documentation, we identified all expenditures funded either partially or wholly with levy proceeds. We prepared a spreadsheet listing each expenditure, the vendor, the fund/account, a description of the expenditure, and the amount of the expenditure.
5. For each expenditure listed on the spreadsheet, we reviewed its supporting documentation (such as invoices and packing slips) to determine whether it was an allowable expenditure according to the levy language and in accordance with the contract.
6. For each levy expenditure listed on the spreadsheet which was partially funded with federal grant monies, we obtained and reviewed a copy of the respective grant agreement, Office of Management and Budget Circular A-110 *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations*, and OMB Circular A-122 *Cost Principles of Non-Profit Organizations*, and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* to determine the types of allowable expenditures. We reviewed the expenditures' supporting documentation to determine whether the expenditures were allowable.
7. We reviewed all of the remaining cancelled checks and supporting documentation (such as invoices and packing slips) for irregularities such as a) check endorsements that did not agree to the payee; b) lack of third-party documentation; c) vendor names which did not appear to provide senior citizen-related services/products, and d) possible related party transactions. For each questionable expenditure, we determined whether it was allowable per OMB Circulars A-110 and A-122.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Results

1. A. According to Mr. Robert Laxton, Executive Director, BCCOA receives numerous federal grants including Title III C-1, Title III C-2, Title III-B, RSVP, Waiver IV and USDA. In addition to the federal grants, he identified a) donations with restrictions; b) donations without restrictions; c) levy monies which are used as a local-level match for federal and state grants and for expenditures not allowed under other federal and state programs, and d) local grants from organizations such as the Belmont County Health Department and the local Eagles' Post.

Regarding the process used to allocate expenditures among these revenue sources, Mr. Laxton indicated the Fiscal Officer, Ms. Kathy Heil, allocates the expenditures between the revenue sources and maintains the support for the allocations. Mr. Laxton indicated BCCOA currently does not have or use an indirect cost allocation plan because it is too costly to pay a consultant to complete the study. He also indicated BCCOA does not maintain time studies documenting the actual number of hours worked by each employee on a federal grant.

- B. Ms. Kathy Heil, Fiscal Officer, recited many of the same revenue sources as Mr. Laxton, and also identified the Alzheimer Grant, Title III-F, Passport, Title III-D, state subsidies, interest, and fees collected from individuals not eligible to receive services according to federal grant requirements. Ms. Heil accounts for these revenue sources in 16 different funds, 8 of which contain federal sources.

Regarding the process used to allocate expenditures among the various revenue sources, Ms. Heil indicated she computes percentages at the beginning of each fiscal year which she uses to allocate the expenditures. Specifically, each year she and Mr. Laxton prepare a budget for the entire BCCOA operation using individual grant budgets and results of operations from the prior year. She computes total budgeted revenues for the entire BCCOA operation. She then divides each revenue source by the total budgeted revenues for BCCOA to arrive at a percentage. For expenditures which serve more than one program, she uses these percentages to charge the expense to the revenue sources. With regard to allocating payroll expenditures, Ms. Heil indicated if the employees' time cards reflect the federal or state program name, she will charge the actual hours to that specific program. However, if the time cards do not reflect the program name, she will allocate salary expenses of the individual employees based on the percentages which she previously calculated regardless of the actual amount of time spent by the employee on that particular program.

2. A. We obtained a copy of the two Belmont County Senior Citizen levies in effect during the Period and noted the following restrictions on the expenditure of levy proceeds.
 - I. The levy passed in the November 3, 1998 general election indicates the levy is to be used "for the purpose of providing senior services (including but not limited to transportation, nutrition, and in-home care services) to elderly residents."
 - II. The levy passed in the general election on November 4, 1997 indicates the levy is to be used "for the purpose of providing senior services (including but not limited to transportation, nutrition, and in-home care services) to elderly residents who are frail and/or handicapped."

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- B. We obtained a copy of the two contracts between the Belmont County Commissioners and BCCOA which were in effect during the Period and noted the following restrictions on the expenditure of levy proceeds:
- I. Levy proceeds were to be used to reimburse BCCOA for any expenditures relating to transportation, nutrition, and in-home care (including personal care, homemaker and other services) which were not reimbursed by federal and/or state grants received by BCCOA.
 - II. Levy proceeds were only to be expended for services provided to eligible individuals. Eligible individuals must be:
 - a. Elderly, defined as over the age of 60; and
 - b. Frail, defined as physically and/or mentally impaired as a result of the normal aging process; or
 - c. Handicapped, defined as individuals with physical disability brought on by injury or illness which inhibits their ability to carry out activities of daily living; or
 - d. Homebound, defined as individuals who experience a substantial hardship in leaving their home without the use of an assistive device or the assistance of another person.
 - III. BCCOA was required to submit an itemized statement and an invoice for each expenditure per line-item to the Commissioners on a monthly basis for reimbursement.
 - IV. All expenditures to any payee in an amount greater than \$10,000 in any calendar year were required to be submitted to the Commissioners for prior approval.
 - V. Travel and estimated travel expenses were required to be submitted to the Commissioners for prior approval.
 - VI. All proposed contracts involving an expenditure by BCCOA in excess of \$2,000, except those contracts which are in the ordinary course of business, were required to be submitted to the Commissioners for their approval.
 - VII. All equipment and vehicles purchased with levy monies exceeding \$15,000 were required to be bid by the Commissioners. Any titles, or evidence of ownership were required to be in the name of the Commissioners.
 - VIII. For all wages, salaries, and other benefits paid by the levy fund, BCCOA was provided the right to determine the amount of wages, salaries, and other benefits. However, BCCOA was not permitted to grant any wage or salary increase to any employee greater than 5% in any calendar year without the prior approval of the Commissioners.
3. A. We reviewed the contract provisions with the County Commissioners to obtain their understanding of the various provisions of their contracts with BCCOA. The Commissioners were unaware that they were required to give prior approval on travel expenditures, contract expenditures exceeding \$2,000, non-payroll expenditures exceeding \$10,000 to one vendor in a calendar year, and increases in the wages exceeding 5% in a calendar year.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- B. We interviewed the County Commissioners to determine the procedures they followed when reviewing and approving BCCOA expenditures during the Period. The Commissioners indicated they received a pack of information periodically from BCCOA requesting reimbursement. The packet included a summary sheet of expenditures totaled by line-item, and copies of the related invoices separated by line-item and totaled to agree to the summary sheet. The Commissioners stated their review consisted solely of analyzing the summary sheet since they do not understand all of the account codes and numbers on the invoices. The Commissioners indicated Mr. Laxton had attempted to explain the codes, but the Commissioners did not understand his explanation. The Commissioners stated they approved the reimbursement request based solely on the review of the summary sheet.
4. We obtained all cancelled checks and invoices on file at BCCOA. We sorted the cancelled checks into numerical order to determine all were present. Using fund/account information on the supporting documentation, we identified all expenditures funded either partially or wholly with levy proceeds. We prepared a spreadsheet listing each expenditure, the vendor, the fund/account, a description of the expenditure, and the amount of the expenditure.
5. For each expenditure listed on the spreadsheet, we reviewed its supporting documentation (such as invoices and packing slips) to determine whether it was an allowable expenditure according to the levy language and whether BCCOA had complied with restrictions identified in their contract with the County Commissioners. We noted the following exceptions and/or weaknesses:
- A. Contrary to the contract provision which required that an invoice be submitted for each expenditure, several expenditures were supported only by a post-it note or a piece of paper with a hand-written notation. The County Commissioners reimbursed BCCOA for all of these expenditures without an invoice:

Date	Vendor	Expenditure Purpose	Amount
03.02.98	AAA	Various Training	\$189.00
09.24.98	Courtyard by Marriott	Hotel Room	106.49
03.05.98	Denelle Kinney	Rehab Nurse	20.00
02.19.99	Signature Inn	Hotel Room	70.61
05.25.99	Francis McCardle	Washing and Vacuuming of Vans	<u>30.00</u>
			<u>\$416.10</u>

Four of the these five expenditures were reimbursements to either administrative or union employees for goods or services which they had initially purchased. Instead of providing the vendor invoices to validate the purchase, the employees submitted only a hand-written piece of paper to support the request for reimbursement. We recommend BCCOA follow the provisions of its Union Agreement and Administrative Personnel policy relating to employee reimbursements which advises that receipts be provided to support employee reimbursements.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

In the future, the County Commissioners should require BCCOA to submit sufficient documentation to support the expenditures included in the request for reimbursement. If the County Commissioners believe the above expenditures are an improper use of levy funds, the County Commissioners should require BCCOA to submit the proper level of documentation as documented in the contract between the County Commissioners and BCCOA. If BCCOA does not submit the proper level of documentation, the County Commissioners should reduce future reimbursements to BCCOA by the amount of unsupported expenditures.

- B. In January 1999, BCCOA signed an option contract to purchase land from Franklin Williams to expand the Barnesville Senior Citizen Center. Situated on this land, was a building which was occupied by the St. Vincent DePaul Society. The Society was forced to relocate and renovate a new office. In May 1999, BCCOA reimbursed the St. Vincent DePaul Society \$1,846.26 for expenses incurred in renovating the Society's new offices. The expenditure of \$1,846.26 was submitted by BCCOA to the County Commissioners for reimbursement. The Belmont County Commissioners reimbursed BCCOA for this expenditure from the In-Home Care Levies Fund.

Upon review of the option contract signed by BCCOA, there were no provisions for BCCOA to pay for the renovation expenses of the Society. According to Ms. Heil, the agreement to reimburse the St. Vincent DePaul Society was a verbal agreement between Mr. Laxton and the Society. We inquired of the County Commissioners whether they were aware of this verbal agreement. The Commissioners indicated it was their understanding the land was vacant when purchased.

The reimbursement of renovation costs of new offices for the St. Vincent DePaul Society does not constitute an expenditure whose purpose is to "provide senior citizen services" as required in the levy language. Therefore, we will issue a finding for adjustment against the Belmont County General Fund in favor of the In-Home Care Levies fund in the amount of \$1,846.26.

- C. In fiscal year 1998, BCCOA received a refund in the amount of \$27,724.31 from the Ohio Bureau of Workers Compensation for overpaid premiums. When received, Ms. Heil credited the entire refund to the Local Fund, which is used to account for miscellaneous receipts and donations. We inquired as to why the entire refund was credited to the Local Fund when the premiums had originally been paid from eight different funds. Ms. Heil indicated she was unsure of the purpose of the refund and therefore, credited the entire amount to the Local Fund. The refund should have been allocated to the funds from which the premiums were originally paid using a reasonable methodology. We calculated the proportion of total 1998 workers compensation premiums paid by each fund for fiscal year 1998 and multiplied those percentages by the total refund.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Using this methodology, we prepared a reasonable estimate of the amount of refund due to each fund from the Local Fund:

Fund Name	1998 Workers Comp Premiums Paid	% of Total Amount		Refund	Amount That Should Have Been Refunded
Title III-B	\$959.17	7.18%	x	\$27,724.31 =	\$1,990.04
Title III-C-1	2,479.45	18.56%	x	27,724.31 =	5,144.25
Title III-C-2	3,325.18	24.88%	x	27,724.31 =	6,898.93
RSVP - Federal	279.33	2.09%	x	27,724.31 =	579.54
RSVP - State	63.52	0.48%	x	27,724.31 =	131.79
In-Home (Passport)	4,773.95	35.73%	x	27,724.31 =	9,904.77
QLI	21.52	0.16%	x	27,724.31 =	44.65
Levy (From County)	1,460.58	10.93%	x	27,724.31 =	3,030.34
	<u>\$13,362.70</u>				<u>\$27,724.31</u>

We will issue a finding for adjustment against the Local Fund (08) in favor of the following funds and respective amounts: RSVP - Federal, \$579.54; RSVP - State, \$131.79; In-Home, \$9,904.77; QLI, \$44.65; Title III-B by \$1,990.04; Title III-C-1, \$5,144.25; Title III-C-2, \$6,898.93; and Levy Fund \$3,030.34.

- D. From levy funds, the County Commissioners reimbursed BCCOA a total of \$12,298 for “schematic designs” related to the construction of a new senior citizen center. According to a legal opinion which the County Auditor obtained from the County’s legal counsel, Peck, Shaffer & Williams, LLP in February 1999, the County’s senior citizen levy proceeds were to be used for “current expenses” which is defined in Ohio Revised Code Section 5705.01(F) to exclude costs of “permanent improvements”. Peck Shaffer & Williams, LLP defines a “permanent improvement” as an improvement with an estimated life or period of usefulness of five years or more and debt service charges. Since the schematic designs were a direct cost of the construction of a new senior citizen center, which is considered to be a “permanent improvement”, we will issue a Finding for Adjustment against the Belmont County General Fund in favor of the In-Home Care Levy Fund in the amount of \$12,298.
- E. An invoice dated May 28, 1998 indicated a kitchen window was removed and replaced at the Glencoe Senior Citizen Center. Attached to the invoice was a post-it note indicating that the Director had approved the payment of \$4,000 and the remainder of the balance (\$1,220) would be paid by the Glencoe Senior Citizen Center. On July 16, 1998, BCCOA issued a check for \$4,000 to Rumpskey Construction, the company which performed the work. We scanned the check register for the remainder of the Period and determined BCCOA issued no other payments to Rumpskey Construction for the window replacement. On August 27, 1998, BCCOA submitted the entire invoice, totaling \$5,220, to the County Commissioners for reimbursement. The Commissioners approved the invoice and paid BCCOA \$5,220. Since BCCOA had only paid \$4,000 of the original invoice, BCCOA was over-reimbursed by the County Commissioners in the amount of \$1,220. We will issue a Finding for Recovery against BCCOA in favor of the Belmont County In-Home Care Levies Fund for monies illegally expended in the amount of \$1,220.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- F. BCCOA expended monies for nine purchases exceeding \$2,000 during the first ten months of the audit period. The contract between BCCOA and the County Commissioners in effect for the period of January 1998 through October 1998 required the Commissioners' approval prior to obligating funds in excess of \$2,000. Of these nine purchases, one purchase was for a vehicle and the remaining purchases were for computers and other assets. Prior approval was not obtained from the Commissioners for any of the nine purchases. Mr. Laxton stated during an interview he was authorized to purchase vehicles less than the competitive bidding threshold without prior authorization by the County Commissioners. The County Commissioners indicated the Director did not have this authorization. The contract currently in effect does not include this provision.
- G. BCCOA submitted numerous travel-related expenditures which were reimbursed by the Commissioners. None of these travel-related expenditures were submitted for approval prior to incurring the expenses. The contract between BCCOA and the Commissioners states "travel and estimated travel expenses must also be submitted for preapproval." We will issue a noncompliance citation for violation of this contract provision.
6. For each levy expenditure listed on the spreadsheet which was partially funded with federal grant monies, we obtained and reviewed a copy of the respective grant agreement, Office of Management and Budget (OMB) Circular A-110 *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations*, and OMB Circular A-122 *Cost Principles for Non-Profit Organizations* and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* to determine the types of allowable expenditures and required documentation. We reviewed the supporting documentation of each expenditure and noted only one exception:
- BCCOA contracted with Snodgrass & Associates, a local CPA firm, to perform an audit of its financial statements for the year ended December 31, 1997. The Letter of Arrangement between Snodgrass & Associates and BCCOA stated the engagement was a financial statement audit and not a Single Audit. We reviewed the audit report and noted Snodgrass did not perform a Single Audit. The Title III Grant agreement requires an audit to be performed in accordance with OMB Circulars A-133 or A-128. A review of Snodgrass & Associates' workpapers for the 1998 audit indicated the 1997 was not required to be a Single Audit due to the federal funds received were less than the threshold of \$300,000. BCCOA allocated a portion of the audit costs to the following federal grants: Title III-B, \$680; Title III C-1, \$850; Title III C-2, \$2,890, and the RSVP grant, \$700.
- OMB Circular A-133, Section .230(b)(2) states that a non-Federal entity shall not charge the cost of any audit which is not performed in accordance with the Single Audit Act. The Fiscal Officer indicated many expenditures, such as the audit costs, are allocated among various funds with no specific reason. As a result, we will issue federal questioned costs against the Title III-B grant in the amount of \$680; the Title III C-1 grant in the amount of \$850; the Title III C-2 grant in the amount \$2,890, and the RSVP grant in the amount of \$700, for a total of \$5,120.
7. We reviewed all of the remaining cancelled checks and supporting documentation (such as invoices and packing slips) for irregularities such as a) check endorsements that did not agree to the payee; b) lack of third-party documentation; c) vendor names which did not appear to provide senior citizen-related services/products, and d) possible related party transactions. For each questionable expenditure, we determined whether it was allowable per OMB Circulars A-110 and A-122.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We noted the following:

- A. Several expenditures were supported only by post-it notes or pieces of paper with handwritten notations:

Date Paid	Vendor	Expenditure	Federal Program	Amount
02.02.99	Fairfield Inn	Hotel Rooms	Title III-B	\$67.20
02.02.99	Fairfield Inn	Hotel Rooms	Passport	144.48
02.28.99	JC Penny's	Uniforms	Title III C-1	19.49
02.28.99	JC Penny's	Uniforms	Title III C-2	58.49
03.13.99	Schoenbrunn Inn	Hotel Room for ONECA All Ohio Conference on Aging	Title III-B	70.80
04.15.99	Best Western - Columbus North	Hotel Room	Title III-B	71.91
01.27.98	Best Western - Columbus North	Hotel Room	Title III-B	69.45
05.25.99	Pete Brenick	Band	Title III C-2	200.00
10.23.98	Bob Evans	Gift Certificates	Title III C-1	12.50
10.23.98	Bob Evans	Gift Certificates	Title III C-2	37.50
07.20.98	Sheila Lokosky	Internet Services	Title III-B	9.99
07.20.98	Sheila Lokosky	Internet Services	Title III C-1	10.00
10.22.98	US America Inc	Drivers Test	Title III-B	100.00
08.26.98	Columbus Marriott	Hotel Room	Title III-B	131.96
06.25.98	Bob Abel	Band	RSVP	100.00
03.02.98	AAA	Training	Title III-B	49.00
09.24.98	Courtyard by Marriott	Hotel Rooms	Title III-B	212.98
09.24.98	Courtyard by Marriott	Hotel Rooms	Title III C-1	638.94
09.24.98	Courtyard by Marriott	Hotel Rooms	Title III-B	106.49
03.12.98	Ohio Parks	Reservations	Title III-B	207.00
04.23.98	Ohio Parks	Reservation	Title III-B	103.50
11.05.98	Robert Hodges	Washing of Van and Shoes	Title III-B	<u>40.20</u>
				<u><u>\$2,461.88</u></u>

These expenditures were allocated among federal grants as follows:

Federal Program	Amount
Title III-B	\$1,240.48
Title III C-1	680.93
Title III C-2	295.99
Passport (Medicaid)	144.48
RSVP	<u>100.00</u>
	<u><u>\$2,461.88</u></u>

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

OMB Circular A-110, Subpart C Section .21, requires that all recipients of federal monies must maintain a financial management system which provides, among other things, "accounting records that are supported by documentation." In addition, OMB Circular A-122, Attachment A ,states that costs must be "adequately documented" in order to be considered allowable under a federal program. We do not consider these items to be adequately supported by documentation as required by the OMB Circulars and therefore, we will issue federal questioned costs totaling \$2,461.88.

- B. A payment to "ERB Electric" for a printer and printer supplies totaling \$1,150. "ERB Electric's" advertisement in the phone book indicates the company performs electrical wiring, computer wiring, and wiring for heating, alarm and telephone systems. We reviewed ERB payments, including the \$1,150 payment mentioned above, totaling \$2,994.13 for items such as the printer, toner, computer network wiring, W-2 forms, paper, envelopes and miscellaneous supplies. We obtained a listing from the Secretary of State and the Department of Taxation which indicated that BCCOA Fiscal Officer, Kathy Heil, was the incorporator and President of ERB Electric Co. BCCOA currently has no policies in place regarding conflict of interest. BCCOA should establish a policy to address purchasing materials from companies owned by BCCOA employees. In addition, we are referring these expenditures to the Belmont County Prosecutor to determine whether this is considered a conflict of interest and whether any further review and/or actions needs to be taken.
 - C. On May 17, 1999, Ms. Violet Ryan, Center Developer, requested reimbursement for \$63 for shirts she had purchased for the van drivers from Sew Biz. Ms. Ryan submitted no vendor invoice, only a hand-written note. Ms. Ryan was reimbursed \$63 with only the hand-written note as supporting documentation. We contacted Sew Biz and inquired as to whether Ms. Ryan purchased shirts for \$63 in May of 1999. Sew Biz provided us with a copy of the \$63 invoice indicating that Ms. Ryan had purchased shirts for BCCOA Transportation and Nutrition. We will recommend that all employee reimbursements should be supported by original vendor invoices.
8. While performing the procedures discussed above we noted the following general weaknesses:
- A. Generally, BCCOA checks were computer-generated and signed by two authorized signatories. However, we noted several checks that were prepared manually. We were informed these manual checks were usually for board meeting meal expenses. The checks were signed without knowing the amount of the expenditure and later completed by a board meeting attendee. This practice increases the risk of misappropriation.
 - B. There were numerous checks totaling \$45,800 to auto repair shops during the Period documented as repairs on BCCOA vans per the receipts. This appeared to be a significant amount of repair expenditures given the number of vehicles which we observed while performing fieldwork. We inquired as to whether BCCOA monitors the amount of vehicle repairs. The Fiscal Officer informed us that BCCOA utilizes the Omni Fleet Software to track expenses for each of the vehicles owned. However, we did not see evidence supporting BCCOA was performing a cost-benefit comparison before approving major repairs to vehicles. We recommend BCCOA periodically perform a cost-benefit comparison of the cost of repairing its vehicles versus the cost of purchasing new vehicles.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- C. We noted none of BCCOA's checks were signed by the Fiscal Officer. Instead, they were signed by any two of the following four individuals: Executive Director, Director of Nursing, Center Developer, and Nutrition Coordinator. We inquired whether all of these individuals are knowledgeable of the types of expenditures which were allowable under each BCCOA program. We were informed that the four individuals are included as authorized signatories, not necessarily because they are knowledgeable of the types of allowable expenditures, but to ensure that payments are processed in the absence of the Fiscal Officer. We recommend that all authorized signatories should be informed of their responsibility when they sign a check in the absence of the Fiscal Officer.
- D. There were several checks for continuing education written to Belmont Technical College for tuition and books totaling \$800 for the Director of Nursing and other BCCOA employees. Upon review of BCCOA's Personnel Policies and Procedures manual, we noted no written policy regarding the payment of tuition and books for BCCOA officials or employees. To help ensure that BCCOA is consistently applying its tuition payment policy, we recommend that a written policy be established and circulated to all employees which outlines the parameters which must be met in order to receive payment for tuition and books for continuing education.
- E. There were no written policies relating to personal use of BCCOA assets (e.g., computers, copiers, desktop telephones, and cellular telephones) for personal use. With regard to telephones, we noted that BCCOA does not require employees to review their desktop phone bills or cellular phone bills to reasonably ensure that all personal calls have been identified and reimbursed by the employee. We recommend BCCOA establish and implement a policy regarding the personal use of BCCOA assets.
- F. Monthly, the BCCOA Board of Trustees is presented with a listing of invoices which were previously approved by the Executive Director and/or Director of the RSVP program. We noted no indication in the Board minutes whether the Board accepted or reviewed the list of expenditures which would indicate they are monitoring the expenditures of the organization. We recommend the Board review and approve the list of expenditures which it receives on a monthly basis and document such approval in the Board minutes.

FINDING FOR RECOVERY REPAID UNDER AUDIT

BCCOA received an invoice dated May 28, 1998 for the removal and replacement of a kitchen window at the Glencoe Senior Citizen Center. Attached to the invoice was a post-it note indicating that the Director had approved the payment of \$4,000 and the remainder of the balance (\$1,220) would be paid by the Glencoe Senior Citizen Center. On July 16, 1998, BCCOA issued a check for \$4,000 to Rumpskey Construction, the company which performed the work. We scanned the check register and noted no additional payments were made to Rumpskey Construction for the window replacement. On August 27, 1998, BCCOA submitted the entire \$5,220 invoice to the County Commissioners for reimbursement. The Commissioners approved the invoice and paid BCCOA \$5,220. Since BCCOA had only paid \$4,000 of the original invoice, BCCOA was over-reimbursed by the County Commissioners in the amount of \$1,220.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended was issued against BCCOA in the amount of \$1,220 in favor of the Belmont County In-Home Care Levies Fund. On December 7, 2000, BCCOA remitted to the Belmont County Treasurer check number 29591 totaling \$2,133 for the above Finding for Recovery issued in the amount of \$1,220 for and for the related Finding for Recovery in Issue No. 4 in the amount of \$913.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

FINDINGS FOR ADJUSTMENT

1. The County Commissioners reimbursed BCCOA for the payment of renovation costs of new offices for the St. Vincent DePaul Society in the amount of \$1,846. This expenditure is not allowed per the contract between the Belmont County Commissioners and BCCOA. Therefore, a Finding for Adjustment against the Belmont County General Fund in favor of the In-Home Care Levy fund, the fund which receives the Senior Citizens levy monies in the amount of \$1,846.
2. BCCOA received a refund of Bureau of Workers Compensation premiums in the amount of \$27,725. The entire refund was posted to the Local Fund, instead of the funds from which the premiums were originally paid. Therefore, a finding for adjustment is issued against the Local Fund (08) in favor of the following funds in the following amounts: RSVP - Federal, \$580; RSVP - State, \$132; In-Home (Passport), \$9,905; QLI, \$45; Title III-B \$1,990; Title III-C-1, \$5,144; Title III-C-2, \$6,899; and Levy Fund \$3,030, totaling \$27,725.
3. There were expenditures, totaling \$12,298, made from levy funds which related to the building of a new senior citizen center and Oak View offices. These expenditures were not allowed per the levy language, as they constituted expenditures for "permanent improvements". Therefore, a finding for adjustment will be made against the Belmont County General Fund in favor of the In-Home Care Levy fund, the fund which receives the Belmont County Senior Citizens levy monies, in the amount of \$12,298.

(See details of these Findings for Adjustment in Result 5.)

QUESTIONED COSTS

Office of Management and Budget Circular A-110, Subpart C Section 21 (b) (7) requires that accounting records including cost accounting records are to be supported by source documentation. In addition, OMB Circular A-122, Attachment A, states that costs must be "adequately documented" in order to be considered allowable under a federal program. We do not consider these items to be adequately supported by documentation as required by the OMB Circulars and therefore, we are issuing the following federal questioned costs:

1. Expenditures totaling \$2,461 were supported only by post-it notes or pieces of paper with handwritten notations. As a result, we are issuing federal questioned costs in the following amounts by federal grant: Title III-B, \$1,240; Title III C-1, \$681; Title III C-2, \$295; Passport, \$145; and RSVP \$100 totaling \$2,461.
2. BCCOA allocated \$5,120 of audit costs to federal programs. OMB Circular A-133 states that audit costs are only to be charged to a federal program, if a Single Audit is performed. Since the audit that was performed was not a Single Audit, we are issuing federal questioned costs against the following funds in the following amounts: Title III-B, \$680; Title III C-1, \$850; Title III C-2, \$2,890, and the RSVP grant, \$700 totaling \$5,120.

(See details of these Questioned Costs in Results 6 & 7.)

NON-COMPLIANCE CITATIONS

1. Section 10, part 3 of the contract between the Belmont County Commissioners and BCCOA indicates BCCOA will submit an itemized statement and an invoice for each expenditure per line item. Several of the expenditures submitted to the Belmont County Commissioners for reimbursement were supported only by handwritten or typed notes, not an itemized invoice. According to the Commissioners, they do not review supporting documentation of the expenditures prior to approval.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We recommend BCCOA submit original invoices to the County Commissioners for reimbursement. In addition, we recommend the County Commissioners review the invoices and any supporting documentation to determine if the expenditures are allowable in accordance with the levy language, the contract, and legal advisor's opinions.

2. Section 10 Part 9 of the contract between the County Commissioners and BCCOA provides "all expenditures to any payee in an amount greater than \$10,000 in any calendar year must be submitted to the Commissioners for prior approval." We noted there were two vehicles purchased by BCCOA which exceeded \$10,000 and which prior approval was not obtained.

We recommend for any single purchase that exceeds \$10,000 within one year be pre-approved by the County Commissioners when utilizing levy monies to pay for the expenditure.

3. Section 10, Part 9 of the contract between the County Commissioners and BCCOA states "travel and estimated travel expenses must also be submitted for preapproval." We noted that conferences attended by staff members and travel incurred by nurses for in-home and personal care services were charged to the levy funds, however, pre-approval by the County Commissioners was not obtained. The County Commissioners indicated they had not pre-approved the travel of the staff members or the travel of nurses that were billed back to the levy.

We recommend BCCOA provide all travel expenses and projected travel expenses to the County Commissioners for their pre-approval when the expenses are to be charged against the levy fund.

MANAGEMENT COMMENTS

Operational Policies and Procedures

BCCOA does not have an accounting policies and procedures manual detailing acceptable practices for the processing of transactions and the responsibilities of personnel.

The lack of written accounting policies and procedures could result in inconsistent or improper treatment of accounting transactions and could result in errors or irregularities occurring which are not detected in a timely manner. Failure to accurately and consistently process and report transactions could result in inaccurate information being reported to the grantor and/or the contract agencies. This could potentially result in a subsequent reduction in funding or a request for reimbursement.

BCCOA should develop written standardized policies and procedures for the processing of accounting transactions. BCCOA's Board and management should be involved in the development of these policies and procedures and the Board should formally adopt them.

Executive Board Terms

BCCOA Board members are currently appointed for a life term. Many governing board members of similar entities are appointed to a limited term of either four or six years with the option to be reappointed. Appointing board members for a life term increases the risk of a loss of independence from management and a loss of objectivity when making decisions. Governing board members should have a) sufficient knowledge of BCCOA's purpose; b) industry experience such as financial background or working with the various grants received by BCCOA; and c) also the serve an adequate amount of time on the board to allow the member effectively make informed decisions affecting BCCOA's operations.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We recommend BCCOA review its articles of incorporations and discuss a potential amendment regarding the terms of the board members. BCCOA should consider whether establishing term limits will allow BCCOA to obtain board members with a) expertise in obtaining grants which would increase the funding available to provide services to the elderly; b) expertise in financial matters which may assist BCCOA in operating more effectively; and c) individuals with a fresh perspective which may provide additional new ideas for the provision of services.

Managing Levy Funds

The Belmont County Commissioners have levied Senior Citizen tax levies which are to be used but not limited to transportation, nutrition, and In-Home services. The Commissioners have contracted with the BCCOA to provide such services. BCCOA submits a reimbursement request to the Commissioners each month for expenditures related to providing the services. The Commissioners remit levy monies to BCCOA to pay for the services provided. BCCOA receipts the levy monies into various grant funds, as matching amounts, as well as Levy, Levy In-Home Care and Levy-Building Funds. Because levy monies are maintained in numerous funds, it is difficult to determine what expenditures are paid for by levy monies.

We recommend BCCOA utilize only one Levy Fund for the receipt of levy monies. Levy monies should be receipted into this fund and then transferred to related grant funds which require a local match. This will provide a clear audit trail showing which levy monies are used to supplement the expenditures not covered by the grant.

Approval of BCCOA Expenditures

The Director of the RSVP program and the Executive Director are responsible for approving orders of goods, and services at BCCOA. The Executive Director also reviews and approves all invoices paid by the Fiscal Officer. Each month BCCOA's Board receives a summary of expenditure information; however, there is no indication the Board reviews and/or approves the expenditures. This could result in unauthorized expenditures being paid without the Board's knowledge.

The Board should review and approve the monthly expenditure listing provided by the Fiscal Officer. After review of the listing of bills, board members should evidence their approval by placing their signatures on the listing or documenting the approval of list in the minutes with a copy of the listing in the minutes to support which expenditures were approved.

Monitoring of the Contract between the County Commissioners and BCCOA

The Belmont County Commissioners had limited controls in place to monitor the levy expenditures of BCCOA. No detailed review of expenditures contained in BCCOA request for reimbursement forms was performed by the Commissioners nor was a comparison of contract provisions to actual services provided performed. This causes significant concern that unbudgeted or unallowable reimbursements may or may not be detected during the Commissioners' review of reimbursement forms.

We recommend the Commissioners hire a reputable consulting firm to perform the review of BCCOA's operations in accordance with the contract. When this individual has a good understanding of the types of disbursements charged to levy monies and the provisions contained in the contract, the individual should train the Commissioners or their appointed designee to review the expenditures for compliance with the contract.

Maintaining Logs for Cell Phone Usage

BCCOA cell phone costs submitted to the County Commissioners with their monthly requests for reimbursements, only included the bill's cover page which reflected the total charges; but not the detail of calls made. By not submitting the details, the Commissioners could authorize the reimbursement of personal phone calls.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We recommend that logs be maintained for all cell phone calls which document the purpose of each call. These logs should accompany the detailed cell phone bills submitted to the County Commissioners for reimbursement. The logs should be reviewed by the County Commissioners prior to approving the expenditure and reimbursement. This will ensure the calls are for Committee on Aging business and not for personal use.

Supporting Documentation for Expenditures

Numerous purchases submitted for reimbursement by staff members were supported only by a written statement on a note pad or a receipt was provided that had been altered. Receipts provided were altered to remove the individual staff member's credit card number. One receipt, that had been altered, had a portion of the words coupon tendered on such receipt. The staff member was subsequently reimbursed for the sales price before the coupon was deducted. As a result, BCCOA of Aging may have reimbursed the staff member in excess of the amount paid or reimbursed the employee for unapproved items.

The Fiscal Officer should only reimburse staff members for purchases where original receipts are attached to the requests for reimbursement. She should also scrutinize the receipts submitted to determine if a coupon was utilized and, if used, only reimburse for the amount deduction of the coupon value.

Travel Reimbursements

The current BCCOA Union agreement requires receipts for meals, lodging and common carrier transportation claimed in conjunction with employees' travel expenses. BCCOA's Personnel Policies and Procedures do not require receipts to be submitted for reimbursement. There were numerous reimbursements made to employees for travel mileage, hotel rooms, and meals, wherein original receipts and/or documentation was not provided to substantiate the actual expense. For example, an employee was reimbursed for hotel costs which was only substantiated by a piece of paper with the hotel name, a dollar amount, and a confirmation number on it. By not requiring employees to submit original receipts or copies of them, BCCOA may reimburse employees for expenditures which did not occur.

We recommend the Fiscal Officer require employees to submit original receipts for all reimbursement requests for meals and lodging, in accordance with the union agreement and to amend the Personnel Policies and Procedures to reflect the same information as indicated in the union agreement to prevent inconsistencies in the policies followed by BCCOA employees.

Personal Use of Committee on Aging Assets

BCCOA has not adopted a written policy prohibiting the personal use of the Committee's assets including; office telephones, cellular phones, computers, Internet usage, vehicles or other equipment. There was also no policy in place regarding the utilization of BCCOA's tax-exempt status for the purchase of items for staff member's personal use. This could result in the usage of assets purchased with State grants, Federal grants or County levy monies unintended purposes and jeopardize future funding.

We recommend BCCOA's Board adopt and implement written policies describing acceptable usage of the office telephones, cellular phones, vehicles and other equipment. Should the Board desire to permit the personal use of office telephones and cellular phones, we recommend employees be required to reimburse the committee for personal calls to defray these costs.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Conflict of Interest

The current Committee on Aging Personnel Policies and Procedures manual does not include a policy which addresses conflicts of interest between employees and BCCOA. Without having such a policy in place, BCCOA had an employee involved in a related party transaction that occurred with or without the knowledge and consent of Committee's Board. The Committee purchased approximately \$3,000 of equipment, supplies and/or services from the ERB Electric Company. The Fiscal Officer of the Committee is listed as the ERB Electric Company President on Ohio Department of Taxation records. As a result, BCCOA's Fiscal Officer benefitted from the sale of the supplies to BCCOA.

We recommend BCCOA's Board adopt a conflict of interest policy and require employees to complete a disclosure form each year that lists any companies they have a financial interest in. A summary of these conflict of interest statements should be prepared and compared to the vendors' listing prior to making purchases to ensure no inappropriate related party transactions occur.

Vehicle Maintenance Logs

Each of the vehicles utilized by BCCOA has a vehicle maintenance log detailing gasoline usage, mileage, and routine maintenance such as oil changes. Other types of maintenance such as engine repair, tires, and exhaust system repairs are not included on these logs. By not including all maintenance performed on a vehicle, BCCOA is not able to easily evaluate whether to fix or replace a vehicle based on the maintenance costs.

We recommend all types of maintenance performed on the vehicles be included in the maintenance log to allow BCCOA to make an evaluation of whether the vehicle should be retained or disposed of.

Signature on Checks

There are four individuals who are authorized to sign checks on behalf of BCCOA, with at least two signatures required on all checks. The authorized individuals include the Executive Director, Director of Nursing, Nutrition Coordinator, and Center Developer. One of these individuals signed checks even though they were written to themselves. Some of these individuals may or may not possess adequate knowledge of allowable program expenses to determine if a check should be issued to a vendor or not. This increases the risk of unallowable expenditures being submitted on financial reports filed with grantor agencies, for which the grantor agency may request reimbursement by BCCOA.

We recommend BCCOA's Board and Executive Director review the individuals authorized to sign checks, and pass a motion in their minutes, confirming those individuals approved. The Board and Executive Director should keep in mind the individuals selected should possess sufficient knowledge concerning allowable program expenditures.

Handwritten Checks

There were several checks to local restaurants and businesses where the payee and amount were handwritten. It appeared in some cases an employee may have gone to vendors with blank signed checks as the inks and writing styles are noticeably different. By signing the checks prior to the completion of the payee and amount, BCCOA increases the risk that monies are spent for illegal, inappropriate or unintended uses.

We recommend this practice be discontinued and BCCOA review the checks to vendors where this occurred. Vendors used frequently by BCCOA, should be contacted to determine if they would be willing to establish an account or bill BCCOA for the goods or other services provided.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Training

The Union Contract, Article 21, Job Training and Orientation, Section 21.3, states that: whenever employees are required to participate in job required training programs which fall during the workday, they shall be allowed time off work with regular work day pay to attend such training.

The Employer shall pay the cost of the actual job training session required by the Employer. The other travel cost will be reimbursed if allowable in Article 30, Miscellaneous Provisions. Reasonable effort will be made to equitably distribute job training opportunities among employees. Upon completion of a job training program, the employee may forward a certificate or other appropriate recognition of job training completion to the Employer for placement in the employee's personnel file.

Section 30.4 Mileage - Employees shall be reimbursed at the rate as agreed to by the Belmont County Commissioners for all miles, portal to portal, driven in the course of employment. In no case shall the reimbursement rate be less than twenty-five cents (\$.25) per mile. Any increase in the County reimbursement rate shall be automatically applied to this Article 30.

Section 30.5 Travels Expenses - Meals, lodging, parking, and common carrier transportation outside of the County will be reimbursed at actual cost. Receipts are required.

Section 30.6 Meals - Maximum reimbursement for meals on business trips outside the County are: breakfast, \$5.00; lunch, \$7.50; dinner, \$10.00. Receipts are required.

BCCOA's Personnel Policies and Procedures, Travel Expense, are similar to those listed in Sections 30.4 through 30.6; however, receipts required is not specified.

BCCOA's Personnel Policies and Procedures, Training, states that employees are encouraged to attend workshops, conferences, and training sponsored by AAA, Ohio Department of Aging, and/or other area agencies and groups which will improve his/her job performance and/or enhance their opportunity for promotion. Training notices will be posted in employee work areas along with the name of the person they should contact for further information.

Several employees were permitted to attend area colleges and universities and BCCOA paid the cost for tuition and books. Such employee benefits were not specified in the contract between BCCOA and its employees and BCCOA had no written policy regarding tuition reimbursement. This could result in inconsistent treatment of employee educational benefits.

We recommend BCCOA's Board adopt a Tuition Payment policy. Such policy should specify who may participate, eligible courses of study, maximum rates to be paid for the courses and grades which must be achieved. BCCOA might also consider requiring that employees remain in BCCOA's employment for a specified period after completion of the course; otherwise, the employee must reimburse BCCOA for all such educational benefits paid.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Issue No. 2 - Review of the Belltonian Housing Project

We identified BCCOA's proposed funding sources for the Belltonian Housing Project (the Project) to determine whether BCCOA intends to use any levy monies or federal grant monies to finance the Project.

Procedures:

1. We interviewed the BCCOA Executive Director to determine a) why the Project was initiated, b) the entities involved in the Project, and c) BCCOA's planned funding sources for its involvement in the Project.
2. We obtained a copy of the Articles of Incorporation for BCCOA; Belmont Jefferson Partners, Inc., LDC Housing Corporation II, Bellaire Housing Partners, Inc., and L & W Associates Inc. to establish the relationship between the entities involved in the Project.
3. We obtained a copy of a grant application submitted to the Ohio Department of Development (ODOD) for the purpose of receiving funding for the Project. We reviewed the grant application to identify proposed funding sources for the Project.
4. Because the grant agreement was not finalized during our fieldwork, we interviewed Lisa Craig, Housing Development Specialist at the Ohio Department of Development, Office of Housing and Community Partnerships, to determine if there were continuing compliance requirements related to the grant award which, if not complied with, would require BCCOA to repay any or all of the grant amount.
5. We interviewed Sean Thomas, Housing Credits Manager, Ohio Housing Finance Agency (OHFA), a division within the Ohio Department of Development, to determine the estimated amount of funding the sale of tax credits will generate for the Project.
6. We reviewed expenditures of federal grant monies in Issue No. 1 to determine whether BCCOA expended federal grant monies for expenses incurred related to the Project.

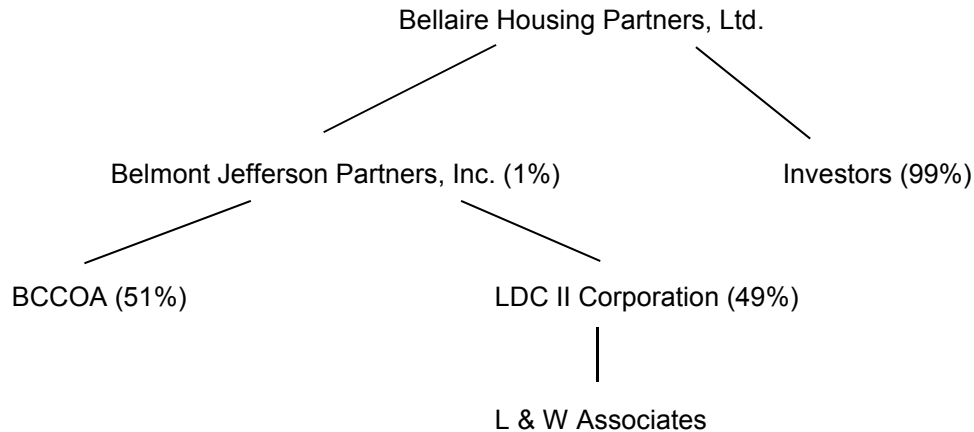
Results

1. A. During our interview of Robert Laxton, BCCOA Executive Director, Mr. Laxton stated the purpose of the Belltonian Housing Project is to provide an affordable housing alternative for the elderly of Bellaire, Ohio. Once completed, the housing complex will comprise 26 housing units which will be made available to elderly residents. Mr. Laxton indicated BCCOA was approached by L & W Associates, an architectural firm, to assist L & W Associates in managing the Project and obtaining referrals of local elderly citizens to occupy the Project following its completion. Management of the Project will include leasing and marketing the Project to local elderly citizens.
- B. Mr. Laxton stated the following entities are involved in the Project:
 - L & W Associates
 - LDC Corporation II - a subsidiary of L & W Associates
 - BCCOA
 - Belmont Jefferson Partners, Inc.
 - Bellaire Housing Partners Inc.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Mr. Laxton stated the funding for the project will derive from a \$661,000 grant from the ODOD, Office of Housing and Community Partnerships and the sale of tax credits generated by the project to private investors. Mr. Laxton stated the grant funds would in turn be loaned to Bellaire Housing Partnership, Ltd.

2. Based on review of the Articles of Incorporation for the entities identified in Result 1B, the following diagram illustrates the relationships of the various companies involved in the Project:



As a condition of obtaining the \$661,000 grant, ODOD, Office of Housing and Community Partnerships, required BCCOA to create a limited liability partnership for the purpose of managing the project and receiving tax credits to be issued by the Ohio Housing Financing Authority. As a result, Bellaire Housing Partners, Ltd., was created consisting of Belmont Jefferson Partners, Inc. (1% ownership) and private investors (99% ownership). The Belmont Jefferson Partners, Inc. will be responsible for day- to-day fiscal operations of Bellaire Housing Partners, Ltd. Belmont Jefferson Partners, Inc. is a limited liability corporation consisting of BCCOA (51% ownership) and LDC II Corporation, a subsidiary of L & W Associates, (49% ownership).

3. We obtained and reviewed the grant application submitted to ODOD for the purpose of receiving funding for the project. The application was submitted by the Bellaire Housing Partners, Ltd. in February 1999. The application included the following information relevant to funding of the Project:
- A. The following forms of funding were requested by the Bellaire Housing Partners, Ltd.: annual funding of \$171,134 from the Housing Credit program; a one time grant of \$661,000 from the Housing Development Assistance Program; an equity bridge loan of \$1,116,332; and a compensating balance loan of \$1,116,332. The source of construction financing was a \$2,235,000 loan from Fifth Third Bank.
 - B. The Bellaire Housing Partners, Ltd. was listed as the owner of the Project.
 - C. BCCOA possesses a majority vote in the limited liability company Belmont Jefferson Partners, Inc. and will control and manage its business affairs. BCCOA's interest in Belmont Jefferson Partners, Inc. provided BCCOA the authority to execute, deliver, release, and discharge all legal actions in connection with the business affairs of the Bellaire Housing Partners, Ltd.
 - D. Estimated gross annual income is \$112,000 and estimated annual expenses is \$83,000.
 - E. The application did not include provisions regarding the liability of the parties involved should the project default.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

4. Because the grant agreement was not finalized during our fieldwork, we interviewed Lisa Craig, Housing Development Specialist of ODOD's Office of Housing and Community Partnerships on November 11, 1999 who stated BCCOA was awarded a \$661,000 grant for the Project. There are continuing compliance requirements which Bellaire Housing Partners, Ltd. agreed to comply with for 15 years. At the end of the 15 year period the Project can be sold with BCCOA having the first option to purchase the building. Continuing compliance requirements relate to building maintenance levels and occupancy levels and if not complied with, require BCCOA to repay a portion of the grant money to ODOD since BCCOA is the recipient of the grant. With regard to all other funding sources, there does not appear to be any potential financial impact on BCCOA should the continuing compliance requirements not be met since Bellaire Housing Partners, Ltd., is a limited liability company.

Ms. Craig indicated that if BCCOA chooses not to buy the building, BCCOA must return a portion of the grant to ODOD, Office of Community and Housing Partnerships. The amount of funds required to be returned decreases each year by \$20,000. If at the end of the 15 year period, BCCOA chooses not to purchase the building, \$300,000 of the original grant will be required to be returned. Mr. Laxton indicated currently, it is BCCOA's intention to purchase the building at the end of the 15 year period and does not anticipate being required to return any of the grant funds.

5. The federal Tax Credit Program is administered by the U.S. Treasury and the Internal Revenue Service. Tax credits are awarded to projects to encourage investors in and development of affordable low income housing projects. The Ohio Housing Finance Agency (OHFA), a department of the ODOD, is responsible for allocating the tax credits awarded by the federal government.

We interviewed Sean Thomas, OHFA Housing Credit Manager, on December 16, 1999 to determine the estimated amount of funding which will be generated by the sale of tax credits to investors. Mr. Thomas indicated the Project will receive approximately \$171,000 in tax credits per year for the next ten years and the sale of these tax credits, will generate approximately \$1.5 million.

Mr. Thomas indicated in return for receiving these credits, the Project must maintain the building and rent it for 30 years. In addition, there are certain conditions related to rental charges and fees and occupancy levels which the Project must meet and maintain during the 30 year time period. If in years 1 through 15, the Project fails to comply with the regulations, the Internal Revenue Service can recapture the tax credits from the Project investors. During years 16 through 30, the IRS can not recapture the tax credits. Bellaire Housing Partners, Ltd. or BCCOA is not required by ODOD to present any plan for the repayment of tax credits should the Project default.

6. Based on our review of all BCCOA expenditures (performed in Issue No. One), we noted no federal grant monies were used to fund the Project.

Conclusion

BCCOA representatives indicated during various interviews that BCCOA currently does not intend to expend levy or federal grant monies for expenditures incurred in the completion and operation of the Belltonian Housing Project. Should the need for additional funding for this project arise and BCCOA consider expending levy or federal grant monies for this purpose, we recommend BCCOA obtain guidance from its legal counsel regarding the appropriateness of expending levy or federal grant monies for this project.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Issue No. 3 - Review of Clients Billed to Grants

We reviewed BCCOA van driver meal delivery logs and Passport-eligibility listings maintained by the Area Agency on Aging, Region 9, Inc., (AAA) to determine whether the meals which were funded by the Passport Program were provided only to Passport-eligible clients. For each exception, we determined whether the meal could have been charged to the Waiver IV or Title III C-2 programs.

Procedures:

1. We obtained the monthly meal delivery logs from Penny McCarthy, BCCOA Nutrition Coordinator, and prepared a spreadsheet reflecting each client which was identified on the logs as Passport-eligible.
2. We obtained a listing of Passport-eligible clients in Belmont and Jefferson counties from AAA.
3. We compared the Passport-eligible clients identified on the monthly meal delivery logs to the Passport-eligible clients included on AAA's list. For each client which was incorrectly identified on the meal delivery logs as Passport-eligible, we determined whether the client was eligible to receive the meal under the Waiver IV or Title III C-2 programs.
4. After comparing all the clients identified on the meal delivery logs as Passport-eligible to AAA's listing, we then compared all of the remaining clients on AAA's list to the delivery logs to determine whether any Passport-eligible clients were incorrectly identified as Passport-ineligible on the delivery logs.

Results

1. We obtained the van driver monthly meal delivery logs for the Period from Ms. Penny McCarthy, BCCOA Nutrition Coordinator. The logs reflect a) the client's name; b) the client's address; c) the number of meals delivered; d) the date of delivery; e) whether the meals are hot or frozen; and f) the grant(s) under which the client is eligible. Using the grant information listed on the logs, we identified all clients listed as Passport-eligible. Each of these clients were recorded on a spreadsheet.
2. We contacted AAA and obtained a list of all Passport-eligible clients which had been referred to BCCOA and who lived in Belmont and Jefferson counties. AAA is the agency responsible for determining eligibility of Passport clients. Once eligibility is determined, AAA provides BCCOA with the client's name. Therefore, the Passport-eligible clients which were reflected on AAA's list should be the same as those listed on BCCOA's delivery logs.
3. We compared the Passport-eligible clients reflected on BCCOA's delivery logs to the AAA's list and noted the following discrepancies:
 - A. Twelve (12) clients who were included on the meal logs as Passport-eligible and who received meals were not Passport-eligible according to AAA's list. However, these twelve clients were eligible to receive homebound meals under the Title III C-2 program.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

When reviewing the meal logs, reimbursement requests, and reimbursements received from AAA, we noted that:

- I. For eight (8) of the twelve (12) clients, BCCOA submitted 99 meals for reimbursement to AAA, however AAA denied reimbursement since the clients were not eligible. These clients and their 99 related meals could have been included on the Title III C-2 reimbursement request, however they were not. As a result, BCCOA did not receive reimbursement for these 99 meals totaling \$237 (under Title III C-2). For 68 meals totaling \$163.20, Title III C-2 grant monies were available for reimbursement by AAA. For the remaining 31 meals, BCCOA exceeded their allocation of Title III C-2 monies during the month of December 1998 when these meals were served. Therefore, BCCOA may not have received reimbursement for all 31 meals totaling \$74.40.
 - II. The remaining four (4) clients and their related meals were not included on the reimbursement requests which BCCOA submitted to AAA. Because these clients were identified on the delivery logs as Passport clients, the Nutrition Coordinator did not include these clients and their related meals on the Title III C-2 reimbursement request. As a result, BCCOA did not receive reimbursement for these four (4) clients and their related meals.
- B. The meal delivery logs for March and September 1998 and January through June 1999, reflected as many as eight clients who were identified on the logs as Passport-eligible and who resided in Jefferson County. These individuals were not included on AAA's list of Passport-eligible clients, but were eligible under the Title III C-2 program. BCCOA submitted and received reimbursement for these meals under the Title III C-2 program, however BCCOA's Title III C-2 contract with AAA states that services are to be provided to Belmont County clients only, not Jefferson County. We recommend BCCOA contact AAA to determine which provider agency is responsible for delivering Title III C-2 meals to Jefferson County clients. If determined to be BCCOA, the contract between AAA and BCCOA should be amended.
 - C. The meal delivery logs for August 1998 and October 1998 through June 1999, reflected one client who was identified on the logs as Passport-eligible and who resided in Jefferson County. This individual was not included on AAA's list of Passport-eligible clients, but he/she was eligible under the Waiver IV program. BCCOA submitted and received reimbursement for this individual's meals under the Waiver IV program, however BCCOA's Waiver IV contract with the Ohio Department of Human Services (ODHS) states that services are to be provided to Belmont County clients only, not Jefferson County. We recommend BCCOA contact ODHS to determine which provider agency is responsible for delivering Waiver IV meals to Jefferson County clients. If determined to be BCCOA, the contract between ODHS and BCCOA should be amended.
4. After comparing all the clients identified on the meal delivery logs as Passport-eligible to AAA's listing, we then compared all of the remaining clients on AAA's list to the delivery logs to determine whether any Passport-eligible clients were incorrectly identified as Passport-ineligible on the delivery logs. We noted the following exceptions:
 - A. There were 23 instances in which a Passport-eligible client who was included on AAA's list was not reflected anywhere on the monthly delivery logs. There are reasonable explanations as to why this would occur such as the client is in the hospital, away from home, or in a nursing home. However, we did note, in some cases, the client was listed on the monthly delivery logs with a notation indicating the client was in the hospital or away from home.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- B. There were 18 clients who were eligible to receive homebound meals under both the Passport and Title III C-2 programs. BCCOA chose to charge the 430 meals delivered to these individuals to the Title III C-2 program. As the requirements of the Passport program are more restrictive than the Title III C-2 program, this resulted in fewer meals available for future Title III C-2 clients. In addition, the reimbursement rate per meal for the Passport program is higher than that of the Title III C-2 program. As charged to the Title III C-2 program, BCCOA received a reimbursement of \$1,032 for these meals. If charged to the Passport program, BCCOA would have received \$2,438 for these same meals.

We recommend that when a client is eligible under both the Passport and Title III C-2 programs, BCCOA charge the meal to the Passport program rather than the Title III C-2 program.

NON-COMPLIANCE CITATION

Title III C-2 Grant

BCCOA received a grant from AAA to provide various services to the elderly in Belmont County. These services included delivering hot and frozen meals to eligible recipients. During the Period, BCCOA delivered meals to as many as eight Title III C-2 clients who lived in Jefferson County.

We recommend BCCOA contact AAA to determine which provider agency is responsible for delivering Title III C-2 meals to Jefferson County clients. If determined to be BCCOA, the contract between AAA and BCCOA should be amended.

Waiver IV Contract

During the Period, BCCOA had a contract with the Ohio Department of Human Services to serve those individuals eligible under Waiver IV hot and frozen meals in Belmont County. During the Period, BCCOA delivered meals to one Waiver IV client who lived in Jefferson County.

We recommend BCCOA contact ODHS to determine which provider agency is responsible for delivering Waiver IV meals to Jefferson County clients. If determined to be BCCOA, the agreement between ODHS and BCCOA should be amended.

MANAGEMENT COMMENTS

Ineligible Passport Clients

BCCOA incorrectly identified eight (8) clients as Passport-eligible and submitted their related homebound meals to AAA for Passport reimbursement. Internal controls in place at AAA detected the error and reimbursement was denied.

We recommend the BCCOA Nutrition Coordinator maintain a master list of Passport clients for reference when preparing the monthly meal delivery logs and Passport reimbursement request. All individuals included on the reimbursement request should be Passport-eligible.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Optimizing Federal Resources

During the Period BCCOA delivered 430 meals to clients who were eligible under both the Passport and Title III C-2 programs. BCCOA chose to charge the 430 meals to the Title III C-2 program. As the requirements of the Passport program are more restrictive than the Title III C-2 program, this resulted in fewer meals available for future Title III C-2 clients. In addition, the reimbursement rate per meal for the Passport program is higher than that of the Title III C-2 program. As charged to the Title III C-2 program, BCCOA received a reimbursement of \$1,032 for these meals. If charged to the Passport program, BCCOA would have received \$2,438 for these same meals.

We recommend that when a client is eligible under both the Passport and Title III C-2 programs, BCCOA charge the meal to the Passport program rather than the Title III C-2 program.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Issue No. 4- Review of Client Services Charged to Grants

We obtained the monthly requests for reimbursements prepared by BCCOA and submitted to the County, AAA, and ODHS and reviewed supporting documentation such as invoices, meal delivery logs, client service sheets, and payroll records to determine whether the reimbursement requests agreed to the type and amount of services provided.

Procedures:

1. We selected 25 Passport clients each month during the Period from the monthly meal delivery logs or other supporting documentation such as the Home Health Care Services log or Personal Services daily log. We compared the amount of meals/types and units of service per the logs to the amount of meals/services charged by BCCOA to AAA and to the amount of reimbursement received from AAA for the meals/services provided to determine if BCCOA was reimbursed for only allowable services provided.
2. We compared the consolidated invoice presented to the County Commissioners each month to the check remitted to BCCOA to determine whether the amount remitted agreed to the invoice. In addition, we compared the consolidated invoice presented to the County Commissioners to the supporting documentation attached to the invoice to determine if the consolidated totals were supported by invoices documenting the expenditures incurred by BCCOA.
3. We compared reimbursement requests for the federal grants received by BCCOA to supporting documentation (such as invoices, driver meal logs, payroll ledgers, and employee time cards) to determine if the amount requested for reimbursement was supported by documentation of services provided.
4. We reviewed all of BCCOA's payroll ledgers and employee time cards during the Period to determine a) the total number of employees, b) the total amount of salary/wages, c) the allocation of salary/wages to the various funding sources, and d) whether employee time cards supported the various allocations.
5. We compared the amount of time documented spent with Passport clients for various staff members to the amount of time charged to the Passport grant to determine if only the amount worked by these staff members was charged to the grant.
6. We reviewed one payroll time sheet for non-union employees per quarter to determine if non-union employees were compensated for a regular day off each pay period without having to utilize vacation or sick leave.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Results

1. A. We reviewed the Passport agreement and related reimbursement requests to determine the types of services provided and the rate per unit of each service. The types of services and their respective unit rates were as follows:

Type of Service	Reimbursement Rate Per Unit	
	January 1998 through August 1998	September 1998 through June 1999
Meals	\$5.64	\$5.76
Homemaker	\$12.83	\$13.12
Personal Care	\$13.85	\$14.16
ILA Phone	\$2.57	\$2.64
ILA Travel	\$8.21	\$8.40
Respite Custodial	\$12.83	\$0.00
ILA Personal Activity	\$10.26	\$10.48

- B. For each type of Passport service noted above, we compared the services reflected on the monthly reimbursement request which BCCOA submitted to AAA to the supporting documentation such as invoices, driver meal logs, payroll ledgers, and employee time cards to determine whether the services were supported by documentation.

I. **Meals**

We selected 25 clients, identified as Passport-eligible, from each monthly meal delivery log during the Period (i.e., 450 clients). The delivery logs were obtained from BCCOA's Nutrition Coordinator and reflect a) the client's name; b) the client's address; c) the number of meals delivered; d) the date of delivery; e) whether the meals are hot or frozen; and f) the grant(s) under which the client is eligible.

Using the information on the delivery logs, we prepared a spreadsheet containing each selected client and the number of meals he/she received during the month. We compared the number of meals per the monthly delivery logs to the number of meals reported on the monthly request for reimbursements submitted by BCCOA to AAA. In addition, for each selected client, we compared the number of meals on the monthly request for reimbursement to the number of meals which AAA actually reimbursed to BCCOA.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We identified the following discrepancies while performing these comparisons:

Month	Meals Included on Reimbursement Request, But Not Included on Delivery Logs	Meals Included on Delivery Logs But Not Included on Reimbursement Request	Net
Jan. 98	--	(\$5.64)	(\$5.64)
Feb. 98	--	(11.28)	(11.28)
Mar. 98	--	(50.76)	(50.76)
Apr. 98	\$22.56	--	22.56
May 98	33.84	--	33.84
Jun. 98	16.92	--	16.92
Jul. 98	45.12	--	45.12
Aug. 98	--	(5.64)	(5.64)
Sep. 98	--	(5.76)	(5.76)
Oct. 98	--	(5.76)	(5.76)
Nov. 98	--	(23.04)	(23.04)
Dec. 98	28.80	--	28.80
Jan. 99	--	(17.28)	(17.28)
Feb. 99	--	(17.28)	(17.28)
Mar. 99	--	--	0.00
Apr. 99	23.04	--	23.04
May 99	40.32	--	40.32
Jun. 99	<u>11.52</u>	<u>--</u>	<u>11.52</u>
Total:	<u>\$222.12</u>	<u>(\$142.44)</u>	<u>\$79.68</u>

While comparing the dollar amount of meals on the delivery logs to the dollar amount of meals on the monthly reimbursement requests for the same client, we noted that BCCOA requested reimbursement for meals when consumed as opposed to when they were delivered. This is appropriate according to the Passport agreement, however this often resulted in a variance of two meals between those reported on the delivery logs and those reported on the monthly reimbursement requests. For example, a van driver may have delivered three meals on Friday, March 31st; one hot meal for Friday and two frozen meals for Saturday and Sunday, April 1st and 2nd. The March delivery log will reflect all three meals, however only the Friday, March 31st meal was included on the March reimbursement request. These variances were taken into consideration when identifying the discrepancies in the above table.

In conclusion, for the individuals selected we identified \$222.12 of meals which were included on the monthly reimbursement requests submitted to and reimbursed by AAA, Inc. with no documentation to support that the meals were provided. We will issue federal questioned costs for these services.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

II. Homemaker, Personal Care, ILA Phone, ILA Travel, Respite Custodial, and ILA Personal Activity

For those clients selected during our testing of meals who also received other services including in-home care, personal care, independent living activities (ILA) (phoning, travel, personal activities) and respite custodial services, we agreed the type and time of service performed as reported on the monthly reimbursement requests to the supporting documentation (i.e., homemaker forms, personal care forms, and/or ILA forms) maintained by BCCOA.

Type of Service	Month	Services Included on Reimbursement Request, But Not Included on BCCOA's Supporting Documentation	Services Included on BCCOA's Supporting Documentation, But Not Included on Reimbursement Request	Net
Homemaker	Jan. 98	\$115.47	--	\$115.47
	Apr. 98	51.32	--	51.32
	May 98	32.08	--	32.08
	Jun. 98	6.42	--	6.42
	Sept.98	26.24	--	26.24
	Oct. 98	13.12	--	13.12
	Feb.99	26.24	--	26.24
	Apr. 99	--	(26.64)	(26.64)
	May 99	--	(144.32)	(144.32)
	Personal Care	Feb.98	27.70	--
Apr. 98		83.10	--	83.10
May 98		6.93	--	6.93
Aug.98		34.63	--	34.63
Nov. 98		56.64	--	56.64
Dec. 98		--	(7.08)	(7.08)
Feb. 99		35.40	--	35.40
Mar. 99		7.08	--	7.08
Apr. 99		28.32	--	28.32
May 99		106.20	--	106.20
ILA Phone	Jun. 99	28.32	--	28.32
	Mar. 98	77.10	--	77.10
	Apr. 98	77.10	--	77.10
	Nov. 98	71.28	--	71.28
	Dec. 98	81.84	--	81.84
	Jan. 99	81.84	--	81.84
Respite Custod.	Apr. 99	--	(2.64)	(2.64)
	Feb. 98	38.49	--	38.49

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Type of Service	Month	Services Included on Reimbursement Request, But Not Included on BCCOA's Supporting Documentation	Services Included on BCCOA's Supporting Documentation, But Not Included on Reimbursement Request	Net
ILA Travel	Feb. 98	24.63	--	24.63
	Apr. 98	24.63	--	24.63
	Jul. 98	53.37	--	53.37
	Sept.98	102.90	--	102.90
	Dec. 98	21.00	--	21.00
	Mar. 99	107.10	--	107.10
	Jun. 99	29.40	--	29.40
ILA Personal	Jan. 99	26.20	--	26.20
	Mar. 99	31.44	--	31.44
	Apr.99	26.20	--	26.20
	May 99	20.56	--	20.56
	Jun. 99	--	(10.28)	(10.28)
Totals		1,580.29	(190.96)	1,389.33

* The above tables only includes those months where discrepancies were noted.

Based on our testing on the above selected transactions, there was \$1,580.29 of services billed to the AAA, in which there was no documentation to support the services provided. The Office of Management and Budget Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations provided in Subpart C Section 21 (b) (7) that accounting records including cost accounting records are to be supported by source documentation. As a result, we will issue a questioned cost of expenditures charged against the Passport grant in the amount of \$1,580.29.

2. A. We agreed the total of each monthly reimbursement request submitted by BCCOA to the County Commissioners during the Period to the related warrant issued by the County to BCCOA. We noted no discrepancies.
- B. We compared the date on each monthly reimbursement request to the dates reflected on the expenditure invoices to determine whether BCCOA was submitting the expenditures for reimbursement on a timely basis. The contract between the County Commissioners and BCCOA required the monthly reimbursement request to be submitted the month following the expenditures. Of the eighteen (18) requests, twelve (12) were submitted more than one month after the expenditure occurred.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- C. We compared the total expenditures by category as reflected on the monthly reimbursement request (also called "summary sheet") to the individual invoices separated by category and submitted to the County Commissioners and noted the following two discrepancies:
- I. In July 1998, BCCOA requested and received reimbursement for \$844.43 for employee insurance premiums which were remitted to "The Guardian". In August 1998, BCCOA requested and received reimbursement for the same invoice resulting in an overpayment to BCCOA. We will issue a finding for recovery against BCCOA in favor of the Belmont County In-Home Care Levy Fund in the amount of \$844.43.
 - II. In February 1998, BCCOA requested and received reimbursement for a payment to MED2000, Inc. for a conference registration totaling \$69. In March 1998, BCCOA requested and received reimbursement for the same registration resulting in an overpayment to BCCOA. We will issue a finding for recovery against BCCOA in favor of the Belmont County In-Home Care Levy Fund in the amount of \$69.
3. We compared reimbursement requests for the following federal grants received by BCCOA to supporting documentation (such as invoices, driver meal logs, payroll ledgers, and employee time cards) to determine if the amount requested for reimbursement was supported by documentation of services provided.

A. WAIVER IV REIMBURSEMENTS

- I. We agreed the total of each monthly reimbursement request submitted by BCCOA to the Ohio Department of Human Services during the Period to the related Waiver IV warrant issued to BCCOA by the State of Ohio. We noted no discrepancies.
- II. We agreed each Waiver IV warrant received from the State of Ohio to BCCOA's receipt ledgers. We noted no discrepancies, however we did notice that warrants are posted to the ledger in the month to which the reimbursement relates. For example, a warrant received in April 1998 representing reimbursements for January and February 1998 meals was recorded in the January and February receipt ledger as if received during those months. As a result, the Fiscal Officer is not able to accurately report the total receipts and receivables at the end of any given month.
- III. We reviewed the Waiver IV contract between BCCOA and ODHS to identify: a) eligibility requirements; b) types of services; c) billing method; and d) documentation requirements. According to the contract:
 - a. Eligible individuals include those who i) are under the age of 60 and/or; ii) have a disability or are on social security; and iii) live in Belmont County.
 - b. BCCOA's Waiver IV services consist of providing hot and frozen meals to homebound Waiver IV clients in Belmont County.
 - c. The Waiver IV billing methodology is governed by Ohio Administrative Code (OAC) Section 5101:3-12-07 (B)(4)(b) which stipulates "The number of units billed... shall equal the total number of meals left with the consumer at the time of delivery."

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- d. Supporting documentation of Waiver IV meals is governed by OAC Section 5101:3-12-07 (B)(2)(d)(i) which stipulates “the following documentation must be maintained by the provider: daily route log with consumer names appearing on the log in the order of delivery with time of first and last meal delivered, number of meals delivered at each visit, initials of person delivering the meal and initials of the consumer receiving the meals.”
- IV. We compared the number of meals reported on the delivery logs to the number of meals submitted for reimbursement by BCCOA to ODHS and noted the following:
- a. Although the contract between BCCOA and ODHS stipulates the meals are to be provided only to those eligible individuals residing in Belmont County, BCCOA delivered meals to one client residing in Jefferson County.
 - b. The monthly reimbursement requests submitted by BCCOA to ODHS included the number of meals consumed by the clients, instead of the number of meals delivered to the client. This difference in billing methods resulted in insignificant variances between the number of meals reported on the delivery logs and the number of meals reported on the reimbursement requests. These variances resulting from differing billing methods were always corrected the following month.

After taking into consideration the variances resulting from the different billing methods, we still identified forty-three (43) meals which were delivered to seventeen (17) different clients that were not recorded on the delivery logs, but were included on the requests for reimbursement submitted to AAA. AAA paid BCCOA \$301 (43 meals * \$7.00) for these forty-three (43) meals. We will issue a questioned cost against the Waiver IV program for \$301.

Contrary to the OAC provision which requires the delivery logs to include the initials of the consumer receiving the meals, only one (1) of the twenty-eight (28) clients enrolled in the Waiver IV program signed for his meals on a regular basis.

B. TITLE III B

- I. We agreed the total of each monthly reimbursement request submitted by BCCOA to AAA during the Period to the related Title III B check stub issued by AAA. We noted no discrepancies.
- II. We agreed each Title III B warrant received from AAA to BCCOA's receipt ledgers. We noted no discrepancies.
- III. We reviewed the Title III B contract between BCCOA and AAA to identify the types of services provided under the program. According to the program provides the following services: a) education services; b) health-medical assessments, c) legal counseling; d) telephoning socialization; e) friendly visiting program; f) client finding services; g) mass outreach, h) escort services; h) and transportation services. Each of these services require specific documentation to be maintained (e.g., mileage logs, phone logs, client service sheets, or attendance sheets) to support the services provided. All of these services are included on the same request for reimbursement form.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- IV. BCCOA employees complete a client service sheet each time education services, health-medical assessments, legal counseling, telephoning socialization services, friendly visiting services, client finding services, and mass outreach services are performed. The client service sheets generally reflect the client name, date of service, type of service, and units of service. For each monthly reimbursement request submitted by BCCOA to AAA during the Period, we compared the service information on the request to the supporting client service sheets. While performing this comparison, we noted no exceptions with the education services, health-medical assessments, telephoning socialization services, friendly visiting services, and mass outreach services.

The following unexplained discrepancies were noted when comparing information for the legal counseling services, and client finding services:

- a. Legal Counseling Services - According to the grant agreement, the reimbursement rate for preparing wills and power of attorneys was \$25.00 per unit. BCCOA requested and received reimbursement at a rate of \$35.00 per unit on three separate occasions. Based upon the number of units served on these three occasions, BCCOA should have billed \$257, but instead billed \$358. As a result, AAA reimbursed BCCOA \$101 more than the reimbursement due for services provided. In another instance, the client service sheets reflected .75 units of service for consulting. At a reimbursement rate of \$25.00 per unit, BCCOA should have requested reimbursement for \$18.75. Instead, reimbursement of \$287.50 was requested and received. As a result of these discrepancies, BCCOA was reimbursed by AAA \$369.75 in unsupported services.
- b. Client Finding Services - According to the grant agreement, the reimbursement rate for these services is \$10 per unit. In June 1998 BCCOA's client service sheets reflected a total of five units of service provided. As a result, BCCOA should have requested reimbursement for \$50 (5 units * \$10), however they requested and received \$280. In June 1999 BCCOA's client service sheets reflected a total of twenty-four (24) units of service provided. As a result, BCCOA should have requested reimbursement for \$240 (24 units * \$10), however they requested and received \$400. As a result of these discrepancies, BCCOA was reimbursed by AAA \$390 in unsupported services.
- V. BCCOA van drivers complete a driver's log each time escort services and transportation services are provided. According to the grant agreement, the following information must be maintained each time a van driver escorts/transport a clients: a) documentation of units provided which includes all miles driven to provide a trip, including miles traveled to pick up the person and return to the home base of the service provider; and b) number of different persons served. To satisfy this requirement, BCCOA has established a driver's log which includes spaces for the following information: a) date; b) purpose of trip; c) client name; d) client age; e) location of starting point and destination; f) odometer readings at starting point and destination; g) number of miles; h) van driver name; and i) signature of van driver supervisor.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We reviewed these drivers' logs for both the escort services and transport services for six (6) of the eighteen (18) months of the Period and noted the following:

a. Escort Services

- i. 43 instances in which the individual's age was not included on the driver's log. In addition, 31 individuals escorted were under the age of 60. According to the grant agreement, individuals eligible for Title III B services must be 60 years of age or older;
- ii. 26 instances in which the log was nonspecific or incomplete as to the purpose or destination of the trip;
- iii. 10 instances in which the purpose of the trip fit the definition of "transport" services instead of "escort services".
- iv. 46 instances in which odometer readings were either not recorded by each individual but in total for the day, or the readings were incomplete.
- v. 222 instances in which odometer readings were duplicated on the daily logs.
- vi. 29 instances in which net odometer readings were footed incorrectly.
- vii. 88 instances in which the net odometer mileage was doubled for round trips.
- viii. 17 instances in which there the same service was documented as being performed twice by the driver for the same individual.
- ix. 34 instances in which the mileage to the same destination was inconsistent.
- x. 40 logs where the van driver approved the log for the day as supervisor.
- xi. 33 logs completed by the van driver which were not approved by a supervisor.
- xii. 65 logs approved by a supervisor using a photocopy of the original signature.

b. Transport Services

- i. 211 instances in which the age was not included on the drivers log. In addition, there were 61 individuals transported under the age of 60.
- ii. 154 instances in which we were unable to determine the purpose or destination of the trip.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- iii. 63 instances in which we determined the purpose is not related to the transportation services based on the definition of transportation services in the grant agreement and the purpose of the trip documented on the log.
- iv. 123 instances where the odometer readings were not recorded by individual but in total for the day or the readings were incomplete.
- v. 146 instances where the odometer readings were duplicated on the daily logs.
- vi. 37 instances where the net odometer readings were footed incorrectly.
- vii. 291 instances where the net odometer mileage was doubled for round trips.
- viii. 106 instances where the mileage to the same destination was inconsistent.
- ix. 4 logs were not signed by the driver.
- x. 138 logs where the van driver approved the completed log.
- xi. 78 logs completed by the van driver which were not approved by a supervisor.
- xii. 299 logs approved by a supervisor; however, the signature was a photocopy of the original signature.

Based upon the discrepancies and lack of complete documentation noted above, we were unable to determine the number of miles actually driven and therefore, we were unable to determine whether the reimbursements that BCCOA received from AAA for escort and transport services were substantiated.

C. TITLE III C-1 and C-2

- I. These grants are used to reimburse BCCOA for providing congregate meals to senior citizens at senior citizen centers (Title III C-1) and to provide hot and frozen meals to eligible senior citizens who are homebound (Title III C-2). Each month, the Nutrition Coordinator prepares a summary of all meals from the daily recaps maintained by the kitchen supervisor (this includes all Passport, Waiver IV, Title III C-1, and Title III C-2). The kitchen supervisor's recaps include the number of hot meals prepared and given to van drivers and the number of frozen meals given to van drivers. The Nutrition Coordinator's summary also indicates the number of total meals which are attributable to Passport-eligible and Waiver IV clients.
- II. We haphazardly selected one month during the Period for testing. We agreed the number of hot and frozen meals recorded on the May 1998 summary to the number of hot and frozen meals recorded on the kitchen supervisor's recap without exception.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- III. We agreed the number of homebound meals served to Passport-eligible and Waiver IV clients as reported on the summary to the number of homebound meals served to those clients on the van driver delivery logs. We subtracted the number of homebound meals attributable to Passport and Waiver IV clients from the total homebound meals served to arrive at the number of homebound meals which should have been charged to the Title III C-2 program. We noted no exceptions.
- IV. We agreed the number of congregate meals served the senior citizens centers as report on the summary to the number of congregate meals reported on daily meal counts at each senior citizen center. We noted no exceptions.
- V. We compared the number of meals reported on each of the eighteen (18) summary sheets prepared by the Nutrition Coordinator during the Period to the respective request for reimbursement submitted to AAA. We noted the following:
 - a. No exceptions when comparing the number of Title III C-1 meals recorded on the monthly summaries to the number of Title III C-1 meals requested for reimbursement.
 - b. 120 meals were included on the Passport request reimbursement which was paid by AAA and the same 120 meals were also included on the Title III C-2 request reimbursement also paid by AAA. This was a result of carrying forward the incorrect number of Passport meals per the delivery logs to the monthly summary sheets. These 120 should not have been charged to the Title III C-2 program.

At a reimbursement rate of \$2.40 per meal, this resulted in an overpayment of \$288.00 to BCCOA by AAA calculated as follows:

Month	Meals Over- charged	Rate*	Total
Jan. 98	11	\$2.40	\$26.40
Feb. 98	64	2.40	153.60
Jun. 98	4	2.40	9.60
Nov. 98	<u>41</u>	2.40	<u>98.40</u>
	<u>120</u>		<u>\$288.00</u>

*Per Title III C-2 grant agreement.

We compared monies requested from AAA for reimbursement under the Title III C-2 grant to the amount awarded in the grant agreement. We determined the Title III C-2 grant had monies available to reimbursement BCCOA for the meals served in all of above mentioned months. We will issue federal questioned costs in the amount of \$288.

- c. 235 meals were included on the Waiver IV reimbursement request which was paid by ODHS the same 235 meals were also included on the Title III C-2 reimbursement request also paid by AAA. This was a result of carrying forward the incorrect number of Waiver IV meals per the delivery logs to the monthly summary sheets. These 235 should not have been charged to the Title III C-2 program.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

At a reimbursement rate of \$2.40 per meal, this resulted in an overpayment of \$564 to BCCOA by AAA calculated as follows:

Month	Meal Discrepancy	Rate*	Total
Apr. 98	8	\$2.40	\$19.20
Jul. 98	9	2.40	21.60
Aug. 98	54	2.40	129.60
Sep. 98	2	2.40	4.80
Oct. 98	3	2.40	7.20
Nov. 98	7	2.40	16.80
Dec. 98	12	2.40	28.80
Mar. 99	47	2.40	112.80
Apr. 99	13	2.40	31.20
Jun. 99	<u>80</u>	2.40	<u>192.00</u>
	<u>235</u>		<u>\$564.00</u>

* Per grant agreement

We compared monies requested from AAA for reimbursement under the Title III C-2 grant to the amount awarded in the grant agreement. We determined the Title III C-2 grant had monies available to reimbursement BCCOA for the meals served in all of the months with the exception of December 1998. In December 1998, BCCOA provided meals in excess of the available grant monies. We will issue federal questioned costs in the amount of \$564.

D. TITLE III D

- I. This grant is used to assist individuals in need of home repair assistance. When an individual needs such assistance, the individual is contacted by their outreach worker. The outreach worker goes to the home and completes a registration form, release of information signature form, and an assessment of the assistance needed. The client's share of the cost is determined by their income and assets. Once the client is determined to be eligible, a contractor referred by BCCOA will present a bid for the work. At the completion of the job, the outreach worker visits the client to ensure the client is satisfied and that the work passes inspection. If the client is satisfied, he/she signs a quality assurance statement. According to the grant agreement, the maximum amount allowed per repair is \$500. Approval must be obtained from AAA to exceed \$500.

- II. We obtained all Title III D reimbursement requests for the Period. The reimbursement requests reflect the contractor's name, the cost of service provided, and the types of services provided. We reviewed all repair projects reflected on the reimbursement requests and noted the following:
 - a. There were four repairs in which the repair description was very vague, making it difficult to determine if the repair was allowable under the grant agreement.

 - b. BCCOA requested \$164 in reimbursement which was not returned by AAA, because BCCOA had used all of their allocation for calendar year.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

E. TITLE III F

This grant is utilized to provide health education to homebound senior citizens. All services provided are documented on client service sheets. According to the grant agreement, the rate of reimbursement is \$30 per unit. We obtained all reimbursement requests for the Period and compared the units of service to the respective client service sheets. We noted two discrepancies:

- A. In July 1998, BCCOA's client service sheets reflected a total of 13 units of service. Instead of requesting reimbursement for \$390 (13 units * \$30), they requested and received \$1,080 (36 units * \$30) resulting in an overpayment of \$690.
- B. In September 1998, BCCOA's client service sheets reflected a total of 24 units of service. Instead of requesting reimbursement for \$720 (24 units * \$30), they requested and received \$960 (32 units * \$30) resulting in an overpayment of \$240.

As a result, we will issue federal questioned costs in the amount of \$930 against the Title III F program.

PAYROLL EXPENDITURES OF ALL FEDERAL PROGRAMS

- 4. A. We reviewed all of BCCOA's payroll ledgers for the Period and determined that BCCOA employed a total of 95 individuals during the Period and the gross payroll for the period was \$1,128,243. Of the 95 employees, 53 employees' salaries/wages totaling \$545,983 were allocated only to one fund, and the remaining 42 employees' salaries/wages totaling \$582,260 were allocated to more than one fund. Of the \$582,260 allocated to more than one fund, \$436,608 was allocated to multiple federal funding sources.
- B. For each of the 53 employees whose salaries/wages were allocated to only one fund, we compared the employee's job description to the grant guidelines to determine that the services provided by the employee were allowable.
- C. For each of the 42 employees whose salaries/wages were allocated to more than one fund, we reviewed the employee's time cards to support the number of hours allocated to each funding source. None of the time cards identified the number of hours attributable to the different funding sources. The time cards only reflected the date, starting time, and ending time. According to the Fiscal Officer and the Executive Director, there is no documentation to support the percentage allocation for each of these employees' salaries/wages. BCCOA does not have an indirect cost allocation plan, the allocation is based solely on their estimates and the amount of funding received.

These salaries/wages were allocated to the following funds in the following amounts:

Federal Grant	1998	1999	Total
Title III B	\$6,416.46	\$2,578.27	\$8,994.73
Title III C-1	92,839.89	50,419.25	143,259.14
Title III C-2	165,039.29	86,445.63	251,484.92
RSVP	<u>22,458.01</u>	<u>10,411.56</u>	<u>32,869.57</u>
	<u>\$286,753.65</u>	<u>\$149,854.71</u>	<u>\$436,608.36</u>

We recommend for the Title III grants that BCCOA implement a process to allocate only those hours expended for grant services to allow BCCOA to determine whether additional services can be provided to the elderly.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Item 10 in the Notice of Grant Award for the RSVP grant provides “salaries and wages chargeable between this grant and other programs or functions of the grantee organization must be supported by individual time distribution records.” Since there are no supporting time studies indicating the amount of time allocated to each federal program by employees whose salaries were charged to more than one program, we are issuing a federal questioned cost in the amount of \$32,869.57.

5. Included within the 53 employees whose salaries/wages were allocated to only one fund, were in-home health nurses and aides whose salaries/wages were allocated entirely to the In-Home Care Fund. The fund included both Passport federal grant monies and local levy monies. We were informed by the Executive Director and Fiscal Officer that these employees documented on their time cards the number of hours allocated to Passport and non-Passport clients. We reviewed the time cards compared the number of hours identified as Passport related on their time cards to the payroll allocations in the payroll ledgers for the entire Period and noted the following discrepancies:
 - A. \$28,480 of salaries/wages were allocated to the Passport grant monies which should have been charged to the levy monies;
 - B. \$80 of salaries/wages were allocated to the Title III C-1 fund which should have been allocated to the Passport grant fund.
 - C. \$46 of salaries/wages were allocated to the Passport grant fund which should have been allocated to the Title III C-2 fund.

A Finding for Adjustment will be issued to transfer \$28,480 to the Levy fund from the In-Home Care (Passport) Grant Fund, \$80 from the Title III C-1 Fund to the Passport Grant Fund and \$46 from the Passport Grant Fund to the Title III C-2 fund.

6. An allegation was presented by Ms. Smith that various administrative employees worked nine out of the ten days per pay period, but were paid for ten days. We interviewed Ms. Kathy Heil, Fiscal Officer regarding the allegation. According to Ms. Heil, non-union employees work nine days per pay period, instead of ten. Ms. Heil stated this was an unofficial policy for non-union employees since they are salaried, not hourly employees. We identified ten employees who worked nine days per pay period and were paid for ten days. Each employee had an assigned day off each pay period to prevent all of the employees in the same department from being absent. If the employee's regular day off fell on a paid holiday, the employee was entitled to either take two days off the next week or the next pay period. Of the salaries paid to these employees, four employees gross salaries were entirely charged to federal programs totaling \$145,048.49; one employee's gross salary was charged to the levy fund in the amount of \$23,507.90; and the remaining five employee's gross salaries were allocated to both federal and non-federal funds totaling \$225,767.34. We reviewed each non-union employee's employment memo and confirmed that each is a salaried employee. There are no provisions within the employee memos stipulating a minimum number of hours which must be worked. To avoid confusion or the appearance of impropriety, we recommend BCCOA establish a written policy regarding non-union employees working less than ten days.
7. While reviewing BCCOA payroll records, we noted that the Executive Director received a stipend of \$300 a month during the Period October 1, 1998 through June 30, 1999. According to Board meeting minutes, this stipend was for the use of a car. As of the conclusion of our fieldwork, the 1999 W-2's had not been completed. However, we noted that the 1998 stipends paid to the Director were not included on his 1998 W-2. In addition, we noted \$500 one-time stipends were given to employees who did not utilize BCCOA's insurance plan in 1999. BCCOA has no written policy on providing a stipend to employees not utilizing BCCOA's insurance.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

8. While reviewing BCCOA payroll records, we noted that the Director received an 11% wage increase and the Fiscal Officer received a 23% wage increase. Both of these wage increases were partially allocated to the levy fund. Section 10, Part 13 of the levy contract between the County Commissioners and BCCOA requires any wage increase granted to a BCCOA employee which exceeds 5% in any calendar year must be approved in advance by the County Commissioners. The Commissioners stated they did not approve these wage increases. Each month BCCOA submitted a request for reimbursement of expenditures allocated to levy funds which were approved by the Belmont County Commissioners. In a review of these monthly requests, we determined the increase in salary received by the Fiscal Officer and Executive Director was included in the monthly request for reimbursement.

FINDING FOR ADJUSTMENT

For each of the in-home health nurses and aides whose salaries/wages were allocated entirely to the In-Home Care Fund (which includes both Passport federal grant monies and local levy monies), we reviewed their time cards and compared the number of hours identified as Passport-related to the payroll allocations in the payroll ledgers for the entire Period. While performing this comparison we noted:

- A. \$28,480 of salaries/wages were allocated to the Passport grant monies which should have been charged to the levy monies;
- B. \$80 of salaries/wages were allocated to the Title III C-1 fund which should have been allocated to the Passport grant fund.
- C. \$46 of salaries/wages were allocated to the Passport grant fund which should have been allocated to the Title III C-2 fund.

A finding for adjustment is hereby issued against the Levy Fund in the amount of \$28,480 in favor of the In-Home Care Fund, against the Passport Grant fund in favor of the Title III-C fund in the amount of \$80, and against the Title III C-2 fund in the amount of \$46 in favor of the Passport grant fund.

FINDING FOR RECOVERY REPAID UNDER AUDIT

During the Period, the County Commissioners reimbursed BCCOA twice for the same invoice:

Date Received	Vendor	Expenditure	Amount
9/15/98 and 10/19/98	The Guardian	Group Insurance	\$844
4/29/99 and 6/24/99	MED2000, Inc.	Seminar Registration	<u>69</u>
		Total:	<u>\$913</u>

The monies were recorded into the following funds:

Vendor	Fund Number	02	04	05	11	13
	Fund Name	III B - Levy	IIIC1 - Cong - Levy	IIIC2 - Home B- Levy	Levy In-Home	Levy
Guardian	\$844	\$47	\$250	\$97	\$270	\$181
MED2000	<u>69</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>69</u>	<u>0</u>
Totals	<u>\$913</u>	<u>\$47</u>	<u>\$250</u>	<u>\$97</u>	<u>\$339</u>	<u>\$181</u>

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended was issued against BCCOA in the amount of \$913 in favor of the Belmont County In-Home Care Levies Fund. On December 7, 2000, BCCOA remitted to the Belmont County Treasurer check number 29591 totaling \$2,133 for the related Finding for Recovery issued in Issue No. 1 in the amount of \$1,220 for and for the above Finding for Recovery in the amount of \$913.

QUESTIONED COSTS

1. Office of Management and Budget Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations, Subpart C Section 21 (b) (7) requires that accounting records, including cost accounting records, be supported by source documentation. However, we identified:
 - A. \$1,802.41 of services (\$222.12 in meals plus \$1,580.29 in other services) which BCCOA submitted and received reimbursement under the Passport program which were not supported by documentation such as meal delivery logs, personal care forms, ILA forms.
 - B. \$301 of meals which BCCOA submitted and received reimbursement under the Waiver IV program which were not supported by meal delivery logs.
 - C. \$759 of legal counseling and client finding services which BCCOA submitted and received reimbursement under the Title III-B program which were not supported by client service sheets.
 - D. \$852 of meals which BCCOA submitted and received reimbursement under the Title III C-2 program which were not supported by meal delivery logs.
 - E. \$930 of services which BCCOA submitted and received reimbursement under the Title III F program which were not supported by client service sheets.

Based upon the lack of supporting documentation, we are issuing federal questioned costs against the above federal programs in the respective amounts.

2. 45 C.F.R. Section 74.21b.7 states the recipient's financial management systems shall provide accounting records, including cost accounting records, that are supported by source documentation.

Section 10 of the RSVP grant agreement provides "salaries and wages chargeable between this grant and other programs or functions of the grantee organization must be supported by individual time distribution records.

BCCOA's accounting records for the employee charging the RSVP fund did not readily identify how employee's payroll charges totaling \$32,870 for the Period were distributed among different funds. The employee who charged more than one fund did not prepare and maintain time studies of hours worked on each grant. The Fiscal Officer allocated total salaries between funds based on a percentage of estimated time spent on each of the grants. The percentage was determined by the Fiscal Officer when she prepared the overall budget. Therefore, we are issuing a federal questioned cost for the RSVP grant in the amount of \$32,870.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We recommend BCCOA require all employees, whose time is charged to different grants, document on the time card the number of hours spent working on each of the different grants. The time cards should then be entered to allow a portion of the employee's salary charged to each of the grants listed on the payroll. As an alternative, BCCOA could develop a cost allocation plan, receive approval to use such a plan from grantor agencies and distribute employees' payroll charges amongst the funds in accordance with the plan or a reasonable allocation method supported with documentation as to the rationale of the allocation.

NON-COMPLIANCE CITATIONS

1. 26 C.F.R. Section 1.6041-2 provides that wages, as defined in 26 U.S.C. Section 3401, are to be reported on a form W-2, or all other payments of compensation are to be reported on a form 1099. 26 United States Code Section 3402 states "every employer making payment of wages shall deduct and withhold upon such wages as determined in accordance with the tables or computational procedures prescribed by the Secretary of the Treasury."

The Director received a \$300 a month stipend for three months in 1998 which was excluded in his 1998 W-2 form.

We recommend all taxable fringe benefits be included in the W-2 forms issued by BCCOA.

2. Section 10 Part 13 of the contract between the County Commissioners and BCCOA indicates "BCCOA shall have the right to determine the amount of wages, salaries, and other benefits. However, BCCOA shall not grant any wage or salary increase to any employee greater than 5% in any calendar year, without the prior approval of the Commissioners." During 1998, the Director received a 11% wage increase that was partially charged to the levy fund and the Fiscal Officer received a 23% wage increase that was partially charged to the levy fund. The Commissioners stated they did not approve these wage increases. The Belmont County Commissioners approved a request for reimbursement summary form documenting the types of expenditures being reimbursed each month. These wage increases were included in the expenses submitted to the Belmont County Commissioners for reimbursement.

We recommend BCCOA obtain preapproval from the County Commissioners for wage increases of personnel charged to the levy fund when exceeding the 5% increase in a calendar year. In addition, the County Commissioners should compare salaries included in the request for reimbursement to prior requests for reimbursement submitted by BCCOA and investigate any unusual fluctuations.

3. Ohio Admin. Code Section 5101:3-12-07 (B) (4) (b) (ii) provides "the number of units billed shall equal the total number of meals left with the consumer at the time of the delivery."

The drivers' logs indicated meals were delivered to Waiver IV clients to be consumed on specific days. The number of meals delivered ranged between 2 and 14 frozen meals. BCCOA maintained a calendar for Waiver IV meals documenting when meals were consumed. BCCOA billed the Ohio Department of Human Services for meals consumed instead of delivered.

We recommend BCCOA develop procedures of tracking the number of frozen meals delivered to Waiver IV clients and request reimbursement based on meals delivered.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

4. Ohio Admin. Code Section 5101:3-12-07 (B) (2) (d) (i) provides the documentation required to be maintained by the provider of Waiver IV meals. This documentation includes “daily route log with consumer names appearing on the log in order of delivery with time of first and last meal delivered, number of meals delivered at each visit, initials of person delivering the meal, and initials of the consumer receiving the meals.”

Our testing indicated only 1 of the 28 clients enrolled in the Waiver IV program at June 30, 1999 was signing for meals on a regular basis.

We recommend all Waiver IV clients sign for meals delivered.

5. Section 10, part 5 of the contract between the County Commissioners and BCCOA also provides all expenditures will be submitted on a monthly basis to the Commissioners. During review of the submissions to the Commissioners, we noted expenditures were presented up to three months after the month end. For example, expenditures for July 1998 were submitted to the County Commissioners on August 27, 1998. In addition, requests for reimbursement for January through April of 1999 were submitted three or four months later. We also noted the Commissioners did not always date their approval on the cover sheet.

We recommend the Fiscal Officer of BCCOA submit the disbursements for reimbursement near the end of the month in which they occurred to be reimbursed in a timely manner in accordance with the contract. In addition, when the Commissioners approve the expenditures for reimbursement, they should include the date of their approval.

6. The Title III contract between BCCOA and the AAA provides in Section I part C. “the provider is authorized to utilize Ohio Department of Aging funds to assist in meeting the Human Services and Social needs of persons 60 years and older in greatest economic and social need in order to promote independent living and thereby reduce unnecessary institutionalization.”

There were 254 instances during the six months selected for testing of documentation of the Escort and Transportation services in which the client did not document his or her age. There were 92 instances in which the documented age of the client was below 60.

We recommend BCCOA verify the age of clients receiving escort and transportation services to ensure clients are eligible. The age of the client should be documented on the logs maintained by the van drivers.

7. Addendum B of the Title III grant between BCCOA and AAA provides the documentation requirements for the Transportation and Escort Programs. The contract required documentation of all miles driven to be documented, including miles traveled to pick up the person and return to the home base of the service provider.

For the six months tested, there were 29 escort instances and 37 transportation instances where the net mileage claimed for reimbursement was greater than the net odometer readings provided on the supporting documentation. In addition, there were 34 escort trips and 106 transportation trips where either the miles appeared lengthy based on the auditors knowledge of distances between the origination and destinations of the trip or the miles for the same trip at different times was inconsistent. For some trips, it was difficult to determine the number of trips taken because there was only one odometer reading listed on the sheet for that day.

We recommend BCCOA create and implement procedures requiring documentation of the escort and transportation trips in accordance with the grant agreement. Someone familiar with distances of trips should periodically review the documentation to ensure the reasonableness of the mileage documented.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

8. The Title III B grant states the escort program is a “program whose purpose is to accompany older persons, individually or in small groups, to help them accomplish the purpose of the trip such as shopping, banking, and getting to medical appointments”. The Title III B transportation program is a “program designed to transport older persons to and from community facilities and resources for the purpose of applying or receiving services, reducing isolation or otherwise promote independent living”.

For the six months tested, there were 26 escort sheets and 154 transportation sheets in which the destination of the trip was unclear because there was either nothing documented or a vague reference as shopping. There were 10 escort sheets and 63 transportation sheets where the trip’s purpose was unrelated to the program because the explanation for either the escort or transportation trip met the definition of the transportation or escort services as defined by the grant contract.

We recommend the purposes of transportation and escort trips always be clearly indicated on the logs and in accordance with the grant guidelines. BCCOA should have an independent individual monitor the reimbursement requests to verify the requests are supported by documentation maintained in accordance with the grant guidelines for each of the programs.

MANAGEMENT COMMENTS

Non-Union Employee Work Week

The Committee’s Personnel Policies and Procedures manual provided employees were to work thirty-seven and one half hours per full week, with one half hour for lunch per day for a total of forty hours per week. Ten individuals’ time cards reflected one regular day off each payroll period. These administrative employees worked nine days; however, were paid for ten. The Fiscal Officer indicated this was an unofficial policy in effect for non-union employees. The Committee’s Executive Board meeting minutes did not indicate this unofficial policy had been reviewed or approved by the Board.

We recommend the Board review the practice of allowing employees to work nine of ten days a payroll period and paying them for ten days. If the Board decides to continue this policy, a motion indicating this decision should be approved by the Executive Board and the Personnel Policies and Procedures should be amended.

Time Cards

Hourly employees are required to complete time cards documenting the hours worked. We noted numerous employees whose salary/wages are split between several different federal grants. Individuals such as the executive director, fiscal officer, van drivers, and kitchen personnel do not document on their time cards the hours spent on different grants. As a result, salaries charged against local, state and federal awards may not be proportionate to the amount of actual time spent performing required duties.

We recommend employees document the amount of time spent on each of the grants based on actual hours worked. Time cards should then be reviewed by the individual’s supervisor, to ensure the hours charged to the different grants are reasonable for the duties performed by the employee.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Waiver IV Reimbursements

Each month, the Nutrition Coordinator scanned the drivers' logs and prepared a list of Waiver IV clients receiving meals. This list was provided to the fiscal officer to prepare the reimbursement request. The request was submitted to the Ohio Department of Human Services. The Nutrition Coordinator does not compare the list she prepared to the request for reimbursement to verify the fiscal officer has included all meals served on the request for reimbursement. She also did not compare the reimbursement received to the reimbursement requested to ensure all monies due to BCCOA are received. As a result, BCCOA may not receive all of the monies it is entitled to for services provided.

We recommend the Nutrition Coordinator create a master listing of all eligible Waiver IV clients. Each month as she prepares the list of Waiver IV clients receiving meals, she should compare it to the master listing, ensuring all eligible Waiver IV clients are included in the reimbursement list if meals were received. Upon receipt of the reimbursement from the Ohio Department of Human Services, the Nutrition Coordinator should compare the actual reimbursement to the request for reimbursement to ensure all monies due BCCOA were received.

Maintaining Documentation to Support Delivering of Meals

Each driver maintains a delivery log reflecting the number of hot and frozen meals delivered to their clients. A weekly delivery log is maintained documenting the time arrived, time departed, number of meals delivered, initials of the client, and odometer readings. Weekly delivery logs were not entirely completed at all times. Missing or incomplete information on the logs included client initials, arrival or departure times, and/or odometer readings. Not entirely completing the logs could result in incorrect reimbursement requests filed with grantor agencies and result in noncompliance with grant requirements.

We recommend the weekly delivery logs be completed by the drivers. The logs should be reviewed by a supervisor each week to ensure the required information is recorded.

Payroll Charges to Passport Grant

Each day, nurses providing in-home health care services completed a time sheet indicating the number of hours spent with Passport and non-Passport clients. At the end of the pay period, these hours were totaled by fund. A comparison of hours reflected on time cards to hours charged to the Passport grant and Levy Fund indicated that hours which should have been charged to the Levy Fund were often charged to the Passport Grant. As a result, the Passport grant fund was overcharged \$28,400 in payroll expenditures which should have been charged to the Levy Fund.

We recommend BCCOA develop procedures to ensure payroll charges are properly allocated to the collect funds.

Time Card Notations

Individuals used a variety of abbreviations on their time cards to denote the various grants their payroll hours were to be charged. Nonstandard abbreviations signifying the different grants, increases the risk of hours being charged against the incorrect grant.

We recommend BCCOA create a standardized list of abbreviations to denote different grants. BCCOA should require the staff to use these abbreviations on their time cards when charging their time.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Monthly Meal Delivery Van Logs

In February 1998, the number of frozen meals delivered was changed thirty-one times without supervisory approval. Twenty-eight of these changes resulted in the monthly total for the client to be incorrect. It appears the log was altered for these 28 instances after the driver added the meals for the individual for the month up to 15 days after the meal was delivered. This occurred throughout the audit period. As a result of these changes, the various grants could be over or under billed for meals delivered.

We recommend the Nutrition Coordinator or her designee verify the mathematical accuracy of the totals on the logs. The Nutrition Coordinator should approve any changes made to the logs as they occur instead of days later to ensure the validity of the changes.

Passport Reimbursement Reports from AAA

Seven clients had an incorrect County residence, incorrect service year, or account code reflected on AAA's Report to Provider. As a result of these errors, reimbursements from AAA could be lost because documented services were not provided in accordance with the contract between BCCOA and AAA.

We recommend the Nutrition Coordinator review each monthly reimbursement reports prepared by AAA for errors and notify AAA of any errors found.

Title III D Grant Expenditures

Documentation to support Title III D grant fund expenditures lacked a description of the necessity of the services performed. The grant agreement provided a list of allowable services under certain circumstances. Not providing a detailed description of the service provided and the reason for providing such service could result in the expenditure being disallowed by the grantor.

We recommend each expenditure made under this grant program be supported by documentation clearly explaining the necessity of services performed and repairs made to the individual's residence.

Title III B Escort and Transportation Driver Logs

Six months of transportation and escort services drivers' logs were reviewed. Each driver maintains his or her own log and drives more than one van. There were gaps in the odometer readings and readings were not provided for each pickup and drop-off point. Instead, the readings sometimes included the beginning and ending odometer readings for the day. Maintaining documentation in this manner could result in BCCOA being unable to support claims for reimbursement and jeopardize future funding from grantor agencies.

We recommend BCCOA review the documentation requirements in the transportation and escort grant agreements to determine when odometer readings are to be completed. All transportation and escort drivers should be instructed on how to maintain their logs. The Transportation Director should periodically review these logs to ensure compliance with the grant requirements.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Approval of Escort and Transportation Logs

Escort and Transportation logs have an approval line at the bottom of the sheet. We reviewed six months of these logs and noted 40 escort logs and 138 transportation logs where the drivers approved their own logs. There were 33 escort logs and 78 transportation logs that were not approved. 65 escort and 299 transportation logs were noted as having a photocopied approval signature. Not reviewing the logs for accuracy could result in inaccurate information provided to grantor agencies and result in the grantor agencies requesting reimbursement from BCCOA for unsupported claims.

We recommend the Transportation Director review and approve all drivers' logs on a regular basis.

Escort and Transportation Trip Odometer readings

In six months of escort and transportation van logs, there were 222 instances in escort trips and 146 instances in transportation trips where odometer readings were either listed on the same log twice or fell within ranges of other individual mileage readings. There were 17 instances where the same odometer readings were recorded for both programs. As a result of these duplications, there is a possibility BCCOA may have been reimbursed for unearned mileage. Such duplication could jeopardize future funding or result in discontinuation of this program.

BCCOA should contact the grantor to determine how odometer readings are required to be documented. The drivers should be instructed how to document the odometer readings in the logs.

Escort and Transportation log mileage

Escort and transportation services van driver log sheet contained a box to be checked if the trip is one way or a round trip. In the review of six months of logs, there were drivers who marked the round trip box and doubled the mileage for each day. There were also drivers who marked the round trip box and did not double the miles until the end of the log sheet. Both of methods are in accordance with the grant agreement. One driver did not indicate whether or not a round trip was made; however, the miles on the log sheet were doubled. Not indicating that a round trip was made, but doubling the mileage, was not in accordance with the grant agreement documentation requirements. This could result in unearned reimbursement payments made to BCCOA by the grantor agency.

We recommend the Transportation Director determine the correct manner to keep such logs. All van drivers be instructed on how to keep their logs. The Transportation Director should review such logs monthly to ensure their accuracy.

Revenue Postings

BCCOA maintained their accounting records on an accrual basis of accounting in accordance with Generally Accepted Accounting Principals. We noted the fiscal officer posted a Passport reimbursement, submitted for reimbursement in 1997 and received in January and February 1998, by eliminating the receivable and increasing cash in the month the reimbursement request was submitted. We also noted this occurred during 1999 with Waiver IV receipts. BCCOA is not following generally accepted accounting principals which include closing each months and years financial records out separately. As a result, balance sheet accounts could have been over and/or understated at the end of each month during the fiscal year.

We recommend the Fiscal Officer post transactions previously recorded as a receivable and close out the financial ledgers on a monthly basis in accordance with generally accepted accounting principals.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Title III C Reimbursement Requests

There were instances the number of meals prepared documented on the summary of total congregate and homebound meals to be reimbursed did not reconcile to the meals on the Senior Citizen Center recap sheets because of unserved meals. No documentation was maintained regarding the number of meals not served. This makes it difficult to complete the grant reimbursement request and ensure all of the meals served are requested for reimbursement.

We recommend the Center Directors implement a system to record all of the meals delivered, the number of meals consumed, and the disposition of unserved meals on a daily recap sheet. The Nutrition Coordinator should reconcile the number of meals delivered to those served and claimed for reimbursement to ensure meals served are requested for reimbursement.

Waiver IV Meal Reimbursements

To derive the number of Title III C-2 meals to claim for reimbursement, the Nutrition Coordinator subtracted the number of Passport and Waiver IV meals from the total meals prepared. When the number of Waiver IV meals deducted was compared to those reimbursed, we noted the number deducted did not always agree to the number of Waiver IV meals delivered to clients. As a result of these errors, the request for reimbursement to the grantor was either overstated or understated on the request forms.

We recommend the Nutrition Coordinator ensure the number of Waiver IV meals deducted on the Title III C-2 reimbursement requests agrees to the number of meals actually delivered to Waiver IV clients and requested for reimbursement from Ohio Department of Human Services.

Calculation of Meals to be Billed to Various Grants

Each month the Nutrition Coordinator calculates the number of meals delivered to Passport Clients by reviewing the van driver logs for meals served to Passport Clients. This amount is then subtracted from total meals served, to determine the number of meals to be requested from the Title III C-1 and C-2 grants. Because these calculations are performed manually, there is an increased risk of incorrect calculations or the form could be lost or misplaced. These circumstances could lead to incorrect reimbursements received and make it difficult to verify the accuracy of the reimbursement.

We recommend the Nutrition Coordinator enter meal information into a computerized spreadsheet to calculate the meals to be billed to Title III C-1, Title III C-2, Passport and Waiver IV grants.

Review of Reimbursements

Reimbursement request forms submitted to AAA did not document a comparison between the form submitted and actual reimbursements received. Without such comparison being performed, BCCOA has no assurances they were reimbursed for all services provided in accordance with the grant agreements.

We recommend an individual involved in the preparation of the reimbursement requests compare the amount reimbursed by AAA to the amount requested and investigate any discrepancies.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Issue No. 5 - Review of Donations

We conducted interviews of relevant individuals and reviewed BCCOA's receipt ledgers and grant agreements to determine a) whether BCCOA actively solicited donations from clients receiving congregate and/or homebound meals funded by the Passport program and/or Title III C-1 and Title III C-2; b) whether those donations were permitted to be solicited and received according to the grant agreements; and c) whether the donations which were recorded in BCCOA's receipts ledger were deposited.

Procedures:

1. We interviewed Ms. Sheila Smith, Administrator/President, Alternative Home Health Inc. to determine the basis of her allegation that BCCOA required Passport clients receiving homebound meals to make donations in order to receive their meals.
2. We interviewed BCCOA's Fiscal Officer, and BCCOA van drivers to obtain an understanding of the procedures followed when collecting donations from clients who receive congregate and/or homebound meals.
3. We interviewed a representative from AAA, four Passport clients, two former BCCOA employees, and BCCOA's Nutrition Coordinator to determine whether BCCOA "required" clients to make a monetary donation in order to receive a congregate or homebound meal.
4. We also reviewed the Passport and Title III C grant agreements to determine whether BCCOA was permitted to solicit and/or receive donations from clients receiving meals funded by Passport and/or Title III C grants. We also contacted the Ohio Department of Aging to confirm whether donations are permitted to be solicited and received from Passport clients.
5. Due to a lack of internal controls relating to the completeness, we were unable to reasonably determine that all donations received were deposited. However, we did compare the amounts recorded as donations on BCCOA's cash reconciliations to the respective deposit slips and to the receipt ledgers to determine that all deposits were recorded on BCCOA's ledgers.

Results

1. We interviewed Ms. Sheila Smith to determine whether she had any evidence to support her allegation. Ms. Smith provided us with a copy of a manilla envelope which contained a phone number on the front. Ms. Smith stated the envelope was given to her by a Passport client who was instructed by a van driver to place a donation in the envelope and call the number on the envelope to receive her meals. Ms. Smith provided us with the name of the Passport individual who provided her with the envelope. We interviewed that individual regarding the allegation. The individual stated the allegation was false; she was never requested to donate money from any BCCOA van driver and donation envelopes were not provided to her unless she requested one.
2. A. We interviewed Kathy Heil, BCCOA Fiscal Officer regarding the types and sources of donations received by BCCOA. According to Ms. Heil, donations are received from a) clients receiving congregate and/or homebound meals; b) clients receiving transportation services; and c) private citizens and businesses.

With regard to the procedures followed when collecting donations from clients who receive congregate meals, Ms Heil stated that meals are provided to senior citizens every day at the senior citizens' centers. With each meal, a client also receives a small blank manilla envelope for a voluntary donation. All envelopes, whether they contain a donation or not, are collected each day by center personnel. Center personnel are responsible for keeping track of the envelopes distributed and those returned, however, no documentation was available to support such tracking. Each center stores the donation envelopes overnight. The following day the donation envelopes are given to the van driver who is responsible for delivering the daily meals to that center. According to Ms. Heil and BCCOA's receipt ledgers, these donations were recorded as project income revenue in the Title III C-1 Fund.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- B. We conducted separate interviews with BCCOA van drivers David Frances, Glenn Runion, Wayne Travnicek, and Ron Brown regarding the procedures they follow when collecting donations from the centers, as well as, clients who receive homebound meals. Each gentlemen acknowledged that donations cannot be solicited from Passport clients. The gentlemen stated that, if the client requests an envelope, they do provide them to the client and do accept the voluntary donations, regardless of the federal program. If requested, the driver provides the client with a small blank manilla envelope. On occasion, clients desire to donate everyday, and as a result, multiple envelopes are provided. None of the drivers maintain a record of the number of envelopes distributed or returned. Whenever a client remits a donation, the envelope is placed in a collection box or bag in the van. There is no indication on the envelope whether the client is a Passport or non-Passport client. At the end of the day, the collection box or bag is delivered to Ms. Heil.

According to Ms. Heil and BCCOA's receipt ledgers, these donations were recorded as project income revenue in the Title III C-2 Fund.

3. A. We interviewed Ms. Lillian Biggioni, AAA Quality Assurance Department, regarding her knowledge of any complaints which BCCOA may have received from clients alleging that donations were "required". Ms. Biggioni stated she was unaware of anyone in the Passport program being solicited for donations by BCCOA. In addition, she indicated Passport clients are not allowed to be solicited for donations, nor are voluntary donations permitted to be accepted from Passport clients. We contacted Kathy Stocksdales, Quality Support Department, Ohio Department of Aging and confirmed that donations are not permitted to be solicited under the federal Passport program.
- B. In addition to the Passport client interviewed in Result One above, we also conducted three separate interviews with three additional Passport clients in St. Clairsville and inquired whether they were instructed by BCCOA employees to remit donations in order to receive meals. Each individual stated they never received such instruction from BCCOA employees. Additionally, each individual confirmed that they were advised by BCCOA's outreach worker that donations were not allowed to be solicited since they were Passport clients. One of the individuals stated he/she had asked his/her outreach worker whether voluntary donations were permitted and was instructed that voluntary donations were not permissible.
- C. We interviewed Ms. Sandy Honecker, a former BCCOA in-home health nurse regarding her knowledge of "required donations". She indicated she had "heard" that Passport clients were required to pay for meals. She stated that she had only heard this from one individual, however, she could not recall that individual's name and she was not sure whether the allegation was true.

We also interviewed Rev. Allan Keller, a former BCCOA van driver regarding his knowledge of "required donations". Mr. Keller stated he was aware BCCOA charged for their meals and provided the name of an individual who had been refused a meal because she could not make a donation. We contacted that individual who indicated that there have been occasions when she has not been able to make a donation; however, she has never been denied a meal. She also indicated she knew of several other senior citizens who received meals even though they could not donate money.

- D. We interviewed Ms. Penny McCarthy, BCCOA Nutrition Coordinator regarding her knowledge of "required donations". Ms. McCarthy indicated she was not aware of any Passport clients who were solicited for donations or required to donate in order to receive meals. She recalled a situation in which one Passport client had voluntarily remitted a donation and BCCOA returned it to the client.

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Ms. McCarthy stated that BCCOA is not permitted to solicit or accept donations from Passport clients and therefore, each client is notified verbally of that fact by his/her outreach worker. Ms. McCarthy indicated she has sent out requests for donations to non-Passport clients on a yearly basis (which are Title III C clients), and sometimes more frequently if funding is low. She indicated it was suggested by someone employed by BCCOA (she could not remember who) that the donation be \$1.50 per meal. She indicated approximately four years ago, BCCOA was in danger of running out of funds and instituted a fee pay program that was \$3.50 a meal for those meals not funded by federal programs. This has since been discontinued, however, Ms. McCarthy still sends the request for donation letters out periodically to non-Passport clients.

4. A. We requested a copy of the Passport grant agreement from BCCOA and AAA to determine whether donations were permissible, however, neither could provide us with a complete agreement. Instead, we were provided with only portions of the agreement which did not discuss donations. Lacking the grant agreement, we spoke with Lillian Biggioni of AAA and Kathy Stocksdales of the Ohio Department of Aging regarding the allowability of donations. Both indicated that donations are not permitted to be solicited for services provided by the Passport program.
- B. We obtained a copy of the Title III C grant agreement and reviewed provisions relating to donations. The agreement does permit the solicitation and acceptance of donations.
- C. Based upon the results of our interviews:
 - I. BCCOA does not appear to be soliciting or “requiring” donations from clients receiving services funded by the Passport program;
 - II. BCCOA does not appear to be “requiring” donations from clients receiving services under the Title III C-1 and Title III C-2 programs, however they are soliciting such donations as permitted by the grant agreements; and
 - III. BCCOA is accepting voluntary donations from any clients regardless of the federal program.
5. We then compared the donations recorded on BCCOA’s cash reconciliations to the respective deposit slips and donations recorded in BCCOA’s receipts ledgers. We noted no exceptions when comparing the congregate and homebound meal donations recorded on the reconciliations and receipts ledgers to the deposits.

MANAGEMENT COMMENTS

Posting of Donations Received

The senior citizen centers received donations from various sources. These donations were usually anonymous and were sometimes given to benefit particular programs; however, the Center Directors did not always document the program the donations were to benefit. Additionally, staff donations were not kept separate from program donations. As a result, it was difficult for the Fiscal Officer to determine which fund and revenue line item should be credited for the donation. This may result in a fund receiving donations intended for another purpose.

We recommend Center Directors separate and label donation envelopes by source; such as, staff or senior citizen, and the purpose of the donation. This will provide source documentation which permits the Fiscal Officer to post donations to the correct fund and revenue line item.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Counting of Donations Received

Donations for meals or other purposes were collected by van drivers and remitted to the Fiscal Officer each day. We were informed that usually there are two individuals present when the donations are counted, however, there are instances in which only one person is present.

We recommend that two individuals be present at all times when counting donations. If the two fiscal office staff persons are not both present, the Executive Director or his designee should be enlisted to witness the count.

Reconciliation of Donations Envelopes

Each day, individuals receiving meals at the senior citizen centers are given an envelope for their voluntary donation. When the individual is finished with their meal and is ready to leave the center, they were to seal and return their envelope. The returned envelopes may or may not contain donations. Center Directors did not perform a reconciliation of the number of envelopes distributed to those returned. As a result, it is difficult to verify all donations collected by senior citizen centers are remitted to BCCOA.

We recommend BCCOA designate individuals for each senior citizen center to perform a daily reconciliation of the number of envelopes distributed to those returned. Should the designee be absent, this duty should be performed by the designee's appointee.

Safeguarding Donations Received

No written procedures were established for safeguarding the donation collection boxes and bags which are maintained by the van drivers and the Fiscal Office. These boxes and bags are accessible to anyone entering the vans or the Fiscal Office. This increases the risk of misappropriation.

We recommend BCCOA develop written procedures for using client donation collection boxes and bags. In developing such written procedures, the following should be considered: all meal delivery van drivers should be assigned a locked box for the collection of client donations; the box should be equipped with a slot for clients to deposit their contributions and a lock, with the keys kept by the Fiscal Office, to insure that all collections are deposited intact to the Fiscal Office; after the boxes are given to the Fiscal Office, the contents of each box should be documented, including the number of envelopes returned and the total value of all envelopes; and the count should be performed by one Fiscal Office employee, in the presence of another member of the Committee's staff. The number of envelopes returned should be compared to the number of meals delivered, estimating the reasonableness of collections.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Issue No. 6 - Review of Transportation Services and Health Care Services to Clients Outside of Belmont County

We obtained an understanding of the services provided to clients outside of Belmont County and attempted to determine whether levy funds were used to provide those services.

Procedures:

1. We interviewed the Executive Director to identify the services BCCOA provided to clients outside of Belmont County, the funding sources of those services, and the types of expenses incurred to provide those services.
2. We traced the expenditures incurred for serving meals outside of Belmont County to supporting documentation to identify the funding source of the services provided.
3. We interviewed the Director of Nursing to determine the in-home services provided to clients outside of Belmont County and the funding source for the expenses incurred for providing the services.
4. We traced the expenditures incurred for providing in-home care services to clients outside Belmont County to supporting documentation to identify the funding source of the services provided.
5. We interviewed Ina Kuhn, Transportation Receptionist at the Martins Ferry Senior Citizen Center to obtain an understanding of the process of scheduling escort and transportation services and determine whether there were instances when services were canceled for an entire day.
6. We interviewed Violet Ryan, BCCOA Center Developer on January 8, 2000 to determine whether Ms. Ryan canceled appointments for trips to the mall and personally utilized the transportation service since she did not drive.

Results

1. We interviewed Robert Laxton, Executive Director, to identify services provided to clients outside of Belmont County. Mr. Laxton indicated BCCOA has a contract with AAA to provide hot and frozen meals to eligible Passport clients in Jefferson County and In-home Health Care to eligible Passport clients in Harrison County. Mr. Laxton provided the funding sources and the types of expenses incurred for the following services provided to residents outside of Belmont County:
 - A. Meals - Mr. Laxton stated the contract with AAA requires BCCOA to deliver hot and frozen meals to eligible Passport clients in Jefferson County. BCCOA currently has one van route which services only Jefferson County and another route which services both Jefferson and Belmont Counties. The funding source of this service is the Passport grant. The expenses incurred for the provision of these services include the cost, gasoline and maintenance of the vans, the cost of preparation of the food delivered to the clients, and the salaries for the van drivers delivering the meals.
 - B. In-home Health Care Services - The contract with AAA requires BCCOA to provide various in-home services including homemaker, personal care and Independent Living Assistance services to eligible Passport clients in Harrison County. These services are funded through the Passport grant. These expenses incurred for the provision of these services include the salaries of the nurses and aides providing the services, travel expenses including mileage driven by the nurses and aides, and the related supplies necessary to provide the services.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

2. We obtained the ledgers, invoices, and other supporting documentation supporting the types of expenditures incurred for the provision of meals to identify the funding sources for each expenditure. We noted the following:

A. We obtained a listing of the nine vans utilized for delivering meals to clients inside and outside of Belmont County. For the vans purchased during the audit period, we reviewed the expenditure ledgers to identify the funding source of the vans. For the remaining vans, we reviewed the hand notations on the original bills of sale which indicated the funding source.

According to the expenditure ledgers, seven of the nine vans were purchased with levy funds. The eighth van was recorded in the Title III C-2 fund however, that fund includes grant monies from Title III C-2 grant, the Passport Grant, USDA monies, levy monies and Waiver IV monies. Due to the commingling of grants in this fund, it was not possible to determine the funding source of the van. We were unable to identify the funding source for the remaining van as records were not available for review. BCCOA maintains records for a three year period and this van was purchased prior to the records available for review. A federal non-compliance citation will be issued in the General Comments section to separate federal funding sources to allow for easy identification of the funding source of an expenditure.

We were unable to identify which vans were used to deliver the meals to the Jefferson County clients. Therefore, we are unable to identify whether levy monies were expended to purchase a van to deliver meals to Jefferson County Passport clients.

B. We reviewed the ledgers to identify the funds expended for salaries, maintenance of the vans, and the preparation of the hot and frozen meals delivered to eligible Passport clients. We determined the following funds were charged for the expenses incurred for providing meals to Passport clients in Jefferson County:

Type of Expense	Funds Charged For Expense
Van Driver Salaries	Title III C-1 and Title III C-2
Maintenance Expenses	Title III C-1 and Title III C-2
Gasoline Expenses	Title III C-1 and Title III C-2
Frozen Food Expenditures	Title III C-2
Hot Food Preparation Expenditures	Title III C-1, Title III C-2, and Passport
Kitchen Employee Salaries	Title III C-1 and Title III C-2

The Title III C-2 fund includes federal grant monies for the Title III C-2 Grant, USDA Grant, Passport Grant, and Waiver IV Grant and also levy monies, donations and a state grant. We were unable to identify the funding source of the expenditures incurred for meals served to the Passport clients in Jefferson County due to the commingling of federal funds. A federal non-compliance citation will be issued in the General Comments section to separate federal funding sources to allow for easy identification of the funding source of an expenditure.

3. We interviewed Kim Hurley, Director of Nursing to identify the expenditures incurred for providing the various services to homebound clients in Harrison County. Ms. Hurley indicated the expenses include the wages of nurses and aides, as well as, their mileage reimbursements. The hours are tracked on time cards and the mileage is tracked on mileage logs. The mileage reimbursement is allocated to BCCOA's In-Home Care Fund and the wages are allocated to the In-Home Care Fund.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

4. We reviewed the expenditure ledgers maintained by BCCOA to identify the funding sources to which the wages and mileage expenses were allocated:
 - A. Salaries - We obtained a listing of the nurses and aides employed by BCCOA. We were unable to identify specific nurses assigned to provide services to Harrison County clients as many of the nurses and aides serve both Passport and non-Passport clients in Belmont County and Passport clients in Harrison County. The salaries of the nurses and aides were charged to either the In-home Care fund or the Levy fund. Passport grant monies received for reimbursement of In-home Health care services were recorded in the In-Home Care Fund maintained on BCCOA's ledgers. We also identified local levy monies being receipted into this fund. As a result, we were unable to identify whether the salaries of these nurses providing services to Harrison County clients were funded by Passport grant monies or local levy fund monies. A federal non-compliance citation will be issued in the General Comments section to separate federal funding sources to allow for easy identification of the funding source of an expenditure.
 - B. Mileage - We compared the nurses and aides receiving mileage reimbursement charged to the In-Home Care fund to the nurses listed as providing services to Passport clients in Belmont and Harrison Counties. We were unable to identify specific nurses assigned to provide services to Harrison County clients as many of the nurses and aides serve both Passport and non-Passport clients in Belmont County and Passport clients in Harrison County. We noted the nurses receiving reimbursement for mileage from the In-Home Care fund were the same nurses and aides allocating a portion of their hours worked to the Passport grant for serving Passport clients. The In-Home Care Fund includes both Passport grant monies and local levy monies. As a result, we were unable to identify whether the mileage reimbursements to these nurses providing services to Harrison County clients were funded by Passport grant monies or local levy fund monies. A federal non-compliance citation will be issued in the General Comments section to separate federal funding sources to allow for easy identification of the funding source of an expenditure.
5. We interviewed Ms. Ina Kuhn, Transportation Receptionist at the Martins Ferry Senior Citizen Center by telephone. Ms. Kuhn indicated when an individual needs transportation to a doctors appointment, grocery store, or other places, the individual contacts her to schedule transportation. Ms. Kuhn places an individual on a schedule which is given to the transportation driver. The same process is used for those in need of escort services to the mall or other department stores. She indicated the only time the transportation and escort services are canceled is when a Level 3 Snow Emergency has been declared or it is determined the driving conditions are hazardous. This has occurred only once in the past two or three years. She indicated no cancellations have occurred to provide Ms. Ryan transportation during work hours.
6. A. We interviewed Ms. Violet Ryan, Center Developer regarding transportation services and escort services. She indicated she oversees the transportation and escort programs for the senior citizen centers. An allegation was made that Ms. Ryan canceled appointments for a day so she could be taken to the mall as Ms. Ryan does not drive. Ms. Ryan indicated there was one instance where a drivers took her to the mall to purchase ketone sticks for upcoming health inspection. She indicated Mr. Laxton, Executive Director, authorized her use of a driver to take her to Phar-mor to make the purchase. She indicated no appointments were canceled because the driver was done for the day and was traveling to Martins Ferry. We verified with Ms. Kuhn in Result 5 that there were no appointments cancelled.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- B. An allegation was also made that Ms. Ryan had the van drivers “chauffeur” her to and from work. Ms. Ryan indicated she does not have a license and does not drive. Ms Ryan stated she usually rides to work with Ms. Kathy Heil, Fiscal Officer. When Ms. Heil is not available, her husband drives her to work. In addition, she indicated there have been several occasions where she was picked up at home and taken to work by van drivers who were traveling from Martins Ferry to St. Clairsville. She indicated she often used this time to perform the evaluations of the drivers required by the Title III-B program. Ms. Ryan indicated her home was between the two cities and the drivers did not have to go out of their way. We verified Ms. Ryan lives in Martins Ferry and her job description indicates she is required to supervise those employees providing Title III Services. Ms. Ryan stated this was done with the approval of the Executive Director.

NON-COMPLIANCE CITATION

See comment no. 1 in the General Comments Non-Compliance Citation Section.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Issue No. 7 - Review of Fixed Assets Inventory

We reviewed fixed asset purchases identified in Issue No. 1 to determine whether the fixed assets purchased wholly or partially with levy funds were recorded on BCCOA's fixed asset inventory listing. In addition, we determined whether the fixed asset listing identified the funding source(s) of the purchase.

Procedures:

1. We interviewed the Fiscal Officer and Executive Director to obtain an understanding of items included in the fixed asset inventory listing, the frequency which the fixed asset listing was updated, and the procedures used to track assets purchased wholly or partially with levy funds and assets purchased with federal funds.
2. We reviewed the contract between BCCOA and the Belmont County Commissioners to identify requirements related to accounting, recording and reporting fixed assets purchased either wholly or partially with levy funds. We also interviewed the County Commissioners to determine whether BCCOA reported fixed assets purchased with levy funds to the County Commissioners as required by the contract. In addition, we reviewed the requirements for the purchasing of assets with federal monies as defined in the Code of Federal Regulations.
3. We traced fixed asset expenditures identified in Issue No. 1 as being purchased wholly or partially with levy funds to the fixed asset inventory listing to determine whether the assets were recorded and whether the listing identified the funding source.
4. Ms. Sheila Smith alleged Mr. Laxton, Executive Director, sold a boat purchased with levy monies to a personal friend without the approval of the County Commissioners. We interviewed the Fiscal Officer to determine when the boat was purchased, the funding source, and the disposition of the boat.

Results

1.
 - A. We interviewed Ms. Kathy Heil, Fiscal Officer, on various dates regarding BCCOA's fixed asset inventory listing. Ms. Heil stated BCCOA has not established a formal fixed asset policy or established a dollar value for deciding whether or not to capitalize an asset. Ms. Heil indicated BCCOA's practice was to include on the asset listing all non-supply related assets purchased by BCCOA. When a non-supply purchase was made, the invoice is placed in a folder to be entered into the inventory spreadsheet. Ms. Heil updates the spreadsheet on a periodic basis and assigns a tag number to each new asset as well as the related funding source. She indicated she was in the process of updating the list in October 1999 for all of the purchases made from January 1, 1999 through the October 1999.
 - B. We interviewed Robert Laxton, Executive Director regarding the fixed asset inventory. He indicated the Fiscal Officer was responsible for maintaining a listing of fixed assets. The federal grants signed by the Executive Director on behalf of BCCOA require an inventory be filed with AAA once every two years for assets purchased with federal funds. Mr. Laxton indicated he was not aware if the inventory was filed with AAA.
2.
 - A. We reviewed the contract between BCCOA and the Belmont County Commissioners to identify requirements related to accounting, recording and reporting assets purchased either wholly or partially with levy funds. According to the contract, an annual inventory was to be submitted to the County Commissioners on the second day of the subsequent fiscal year. The contract is vague as to what is to be included in the annual inventory listing submitted to the County Commissioners.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- B. We interviewed the Belmont County Commissioners to obtain their understanding of the fixed asset inventory requirement in the contract. In addition, we confirmed the types of listings submitted to the County Commissioners by BCCOA. The Commissioners indicated they expect to receive a list of all of the assets purchased with levy funds that are maintained by BCCOA, any additions of assets for the year, and any deletions for the year. The Commissioners indicated they received a list of additions each year; however, did not receive a complete inventory list. The Commissioners also stated they were unsure whether they received a complete inventory list in past years and were not aware of any deletions from the listing other than those included as part of the County auction.
- C. 45 C.F.R. Section 74.34 f.1 states the recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following:

Equipment records shall be maintained accurately and shall include the following information:

- i. A description of the equipment;
- ii. Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number;
- iii. Source of the equipment, including the award number;
- iv. Whether title vests in the recipient or the Federal Government;
- v. Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost;
- vi. Information from which one can calculate the percentage of Health and Human Services' share in the cost of the equipment (not applicable to equipment furnished by the Federal Government);
- vii. Location and condition of the equipment and the date the information was reported;
- viii. Unit acquisition cost; and
- xix. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Health and Human Services awarding agency for its share.

3. A. We traced fixed asset expenditures identified in Issue No. 1 to the fixed asset inventory listing to determine whether the assets were recorded on the fixed asset listing and whether the listing identified the funds (levy and/or grant monies) used to make the purchase. We were able to trace assets from 23 invoices purchased wholly with levy monies and assets from 12 invoices partially purchased with levy monies to easily identifiable assets on the asset list. Of the remaining 18 invoices, we were unable to trace the assets to the inventory listing for the following reasons:

- I. Asset descriptions on the inventory list were not easily identifiable.
- II. The dollar amount per the invoice did not agree to the amount listed on the inventory listing.

- B. We noted the following difficulties in tracing assets listed on invoices to the inventory listing:

- I. The inventory listing did not document the funding sources for the purchase of the asset for one instance during the audit period and 48 instances for assets purchased outside of the audit period.
- II. The inventory listing did not readily identify those assets which would be required to be remitted to the Belmont County Commissioners or AAA at the time it is determined the asset is no longer usable by BCCOA.
- III. We observed there were assets located in BCCOA Offices which had not been tagged. There were 69 assets on the inventory listing which did not have a tag number listed.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

- IV. A notation was made on the inventory noting various BCCOA personnel had computers at home. Through conversation with Kathy Heil, Fiscal Officer; Robert Laxton, Executive Director, and Joanie Gabel, Administrative Assistant, we determined each of these individuals have a computer at their home which was purchased by BCCOA. Each of these individuals indicated they work at home when needed. BCCOA's policies do not address personal use of BCCOA's assets.
4. We interviewed Kathy Heil, Fiscal Officer, regarding Ms. Smith's allegation that Mr. Laxton improperly disposed of a boat purchased with levy funds for the benefit of clients at a senior citizen center without approval by the Commissioners. Ms. Heil indicated BCCOA purchased a boat in the early 1980's which was sold to an outside party because of a lack of interest by senior citizens and a deterioration of the boat. We reviewed the 1999 BCCOA fixed asset inventory listing and noted it does not contain a boat.

During a review of vehicle records (e.g. titles, registrations, and invoices), we noted receipts for a docking permit for 1983, 1984, and 1985. BCCOA also provided an agreement signed by Helen Eberhard, BCCOA Board Chairwoman and G. Robert Laxton which stated, "BCCOA agrees to convey to G. Robert Laxton for the sum of one dollar (\$1.00) value in a 1982 26 Ft. Riviera Pontoon Boat Model Number F2400. Should BCCOA sell this boat at a future date the total interest will be remitted in full to G. Robert Laxton within a 30 day period from the date of that transaction."

Upon further discussion with BCCOA individuals, the Executive Director indicated the boat was sold to an unrelated third party. However, we were unable to verify the purchase or sale of the boat as the records were not available for review. The records had been destroyed in accordance with BCCOA's records retention schedule.

Based on the available information, we were unable to determine which funding source purchased the boat in 1982 or 1983 or whether the boat was a County asset because the records were no longer available based on records retention schedules. If the asset was purchased with levy monies, the boat should have been sold at the County auction instead of to Mr. Laxton for \$1. We were unable to obtain any additional information from BCCOA's records relating to the sale of the boat in the mid 1980's.

NON-COMPLIANCE CITATIONS

1. Section 10, Part 10 of the contract between the County Commissioners and BCCOA indicates "a written annual inventory of items purchased by the levy money shall be submitted to the Commissioner's Office by the second Monday of the following year." Upon review of the Commissioners' minutes, we observed BCCOA submitted a lists of additions to the County Commissioners. However, it appears the list only includes items wholly purchased with levy funds. Upon discussion with the Commissioners, they indicated they have not received a complete inventory of items purchased with levy funds and the inventory should include items fully or partially purchased with levy funds as well as the actual cost of the items.

We recommend BCCOA perform an inventory at year end of assets partially or wholly purchased with levy funds. This list should be provided to the County Commissioners in accordance with the contract and should detail the additions and deletions to the original inventory during the year.

2. 45 C.F.R. Section 74.34 f.1 states the recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following:

Equipment records shall be maintained accurately and shall include the following information:

- i. A description of the equipment;
- ii. Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number;
- iii. Source of the equipment, including the award number;
- iv. Whether title vests in the recipient or the Federal Government;
- v. Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost:

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- vi. Information from which one can calculate the percentage of Health and Human Services' share in the cost of the equipment (not applicable to equipment furnished by the Federal Government);
- vii. Location and condition of the equipment and the date the information was reported;
- viii. Unit acquisition cost; and
- ix. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Health and Human Services awarding agency for its share.

BCCOA utilized various federal grant funds to purchase assets to be utilized for delivering meals and providing in-home health care services. BCCOA's fixed asset records do contain information on the source of the equipment, including the award number, whether title vests in the Committee or the Federal Government and information to enable the calculation of Health and Human Services' share in the cost of the equipment.

We recommend the Committee update information on their fixed asset records to include funding source and award number; for equipment purchased with federal monies, to state whether title of equipment vests with the Committee or the federal government and to provide Health and Human Services' percentage share in the cost of the equipment for all assets.

3. 45 C.F.R. Section 74.34 f. 3 states the recipient shall take a physical inventory of equipment and reconcile the results with the equipment records at least once every two years. In addition, the Title III grant agreement, between AAA and BCCOA, effective January 1, 1998 through December 31, 1998, Section XI, A. 15., states the provider agrees to provide AAA with a copy of an annual inventory detailing all equipment purchased with AAA support.

Records to document the Committee's physical inventory of equipment and their reconciliation to equipment fixed asset records were not prepared.

We recommend the Committee perform annual physical inventory counts, reconcile the results of such counts to those reflected on their fixed asset records, investigate any significant differences and make necessary adjustments.

MANAGEMENT COMMENTS

Fixed Asset Policy

BCCOA did not have a written fixed asset policy. This allows for inconsistencies in the procedures followed to record fixed assets.

We recommend BCCOA's Board formally adopt a fixed asset policy through a motion in their board minutes. We recommend the policy address capitalization criteria (i.e. assets over \$500 with a useful life in excess of one year, recorded at historical cost, etc.); classifications of fixed assets (i.e., buildings, land, equipment, furniture and fixtures, vehicles, construction in progress, etc.); departmental procedures and the Committee's procedures to record the fixed assets; depreciation method and useful lives of assets.

Maintenance of Inventory List

The Fiscal Officer was in the process of updating the inventory list for fiscal year 1999 in October 1999, as well as for some purchases from the previous fiscal year. We also observed the listing of assets purchased with County levy funds only included those assets fully funded by County levy fund and not those partially funded. By not maintaining an updated inventory list, it is possible assets may be excluded from the inventory listing resulting in inaccurate amounts reported on BCCOA's and county's financial statements.

We recommend the inventory list be updated on a monthly basis to increase the likelihood of all assets being included in the list. At the end of each year, this list should be compared to a physical inventory to verify the accuracy of the list.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Tagging of Assets

There were several assets listed on the master asset listing which did not have a tag number. All assets should have a tag and the number be included on the asset listing. Not tagging all assets makes it difficult to determine if the asset is included on the list.

We recommend BCCOA perform an annual physical inventory of all assets to insure all assets have a tag number assigned. Such physical inventory counts should be reconciled to values contained on the Committee's financial records. Significant variances should be investigated and appropriate adjustments made to reconcile these amounts.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

General Comments

NON-COMPLIANCE CITATIONS

- OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations* Subpart C, Section 21 (b) (1) requires that recipients financial management systems provide the following: Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Section 52. (b) (2) Requires records that identify adequately the source and application of funds for federally sponsored activities.

BCCOA has grant funds titled Title III-B, Title III - C-1, Title III - C-2, Title III - D and In Home Care which are used to account for federal grants received by BCCOA. Each of the following tables lists the revenue sources to be maintained in the fund per the grant agreement, the amount of the actual receipts per type, if there were additional grants in the fund, and a variance column:

Title III - B	Amount per Grant Agreement	Amount per the Ledgers	Grant	Difference (over/(under))
Grant Monies - III B	\$94,924	\$88,812		\$6,112
Other grant monies	0	7,644	Title III-F	(7,644)
Local Match (levy)	35,000	35,000		0
Program Income	0	8,552		(8,552)
State Grants	5,991	5,991		0
In Kind Match	<u>9,000</u>	<u>9,000</u>		<u>0</u>
	<u>\$144,915</u>	<u>\$154,999</u>		<u>(\$10,084)</u>

Title III - C -1	Amount per Grant Agreement	Amount per the Ledgers	Grant	Difference (over/(under))
Grant Monies - C -1	\$79,624	\$69,623		\$10,001
Other grant monies	20,600	17,239	USDA	3,361
Local Match (levy)	26,500	124,715		(98,215)
Program Income	33,305	42,800		(9,495)
In Kind Match	<u>2,800</u>	<u>2,800</u>		<u>0</u>
	<u>\$162,829</u>	<u>\$257,177</u>		<u>(\$94,348)</u>

Title III - D	Amount per Grant Agreement	Amount per the Ledgers	Difference (over/(under))
Grant Monies - III D	\$3,968	\$3,968	\$0
State Grants	<u>6,000</u>	<u>6,000</u>	<u>0</u>
	<u>\$9,968</u>	<u>\$9,968</u>	<u>\$0</u>

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Title III - C - 2	Amount per Grant Agreement	Amount per the Ledgers	Grant	Difference (over/(under))
Grant Monies - C -2	\$74,915	\$81,397		(\$6,482)
Other grant monies	31,430	410,234	Passport, Waiver IV and USDA	(378,804)
Local Match (levy)	72,500	73,453		(953)
Program Income	42,000	52,932		(10,932)
State Grants	54,117	54,117		0
In Kind Match	<u>3,200</u>	<u>3,200</u>		<u>0</u>
	<u>\$278,162</u>	<u>\$675,333</u>		<u>(\$397,171)</u>

In Home Care	Amount per the Ledgers
Grant Monies - Passport*	\$168,543
Other grant monies	6,477
Local Monies - no match required	227,573
Program Income	163
Client Fees	<u>1,422</u>
	<u>\$404,178</u>

* The grant agreement does not set a maximum amount allowed for the grant year.

Due to the commingling of funds it was difficult to determine whether the grant monies were utilized for the purposes of the grant. Based on the above tables, we determined there were five grants included in fund with other grants totaling \$392,925. By intermingling grant funds, BCCOA could expend monies for services not allowed under the grant agreement.

In addition, there \$326,741 (total of the variance of the local match columns) of Belmont County levy monies posted to funds other than the levy fund. The contract between the Belmont County Commissioners and BCCOA states levy monies are to be used for expenditures not eligible for reimbursement from other grant sources. Because levy monies were recorded in funds which have not received the entire amount of the grant awarded, it is possible levy monies were used for expenditures that could have been reimbursed by grant sources.

We recommend BCCOA create and maintain separate funds for each federal and state grant received to ensure BCCOA can adequately identify the funding source of each expenditure. In addition, only those levy monies required to be utilized as matching funds should be receipted into the grant funds to ensure levy monies are only expended for services not reimbursed by federal grants. This will allow BCCOA to monitor the grant and levy expenditures to ensure the expenditures are in accordance with the grant agreement or levy contract.

2. 45 C.F.R. Section 74.21 b. 6 states recipient’s financial management systems shall provide written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable federal cost principles and terms and conditions of the award.

OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment A, E. 2. b. states a non-profit organization which has not previously established an indirect cost rate with a federal agency shall submit its initial indirect cost proposal immediately after the organization is advised that an award will be made and, in no event, later than three months after the effective date of the award.

BCCOA charged indirect costs to federal awards, without having written procedures for determining the reasonableness, allocability or allowability of costs and no indirect cost rate was submitted to or approved by the federal cognizant agency. As a result of not having a written and approved indirect cost rate plan, a request for reimbursement of grant monies could be made by grantor agencies for indirect costs charged to federal awards.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

We recommend BCCOA allocate indirect costs to federal programs utilizing a reasonable method to allocate the indirect costs. The method to allocate costs should be documented in writing and should have documentation attached supporting the allocation of the indirect costs to the different federal programs.

MANAGEMENT COMMENT

Interest Earnings

BCCOA deposited all local, state and federal funds received into a non-interest bearing checking account. To maximize return, monies received by BCCOA should be deposited into interest-bearing accounts. Interest earned may provide additional funding for the services provided by BCCOA.

We recommend BCCOA deposit all monies received into interest bearing accounts to supplement grant and levy monies received and expand services provided.

SUPPLEMENT TO THE SPECIAL AUDIT REPORT

Schedule of Findings

The following tables summarize the Findings for Recovery, Findings For Adjustment and Questioned Costs for each federal grant received by BCCOA.

	Issue 1	Issue 4	Total
Findings For Recovery Repaid Under Audit:	\$1,220	\$913	\$2,133
Findings For Adjustment:	41,869	28,446	70,315
Federal Questioned Costs:			
Title IIIB Grant	1,920	1,689	3,609
Title IIIC-1 Grant	1,531	0	1,531
Title IIIC-2 Grant	3,185	852	4,037
Waiver IV Grant	0	301	301
Passport Grant	145	1,802	1,947
RSVP Grant	<u>800</u>	<u>32,870</u>	<u>33,670</u>
Total Federal Questioned Costs	<u>\$7,581</u>	<u>\$37,514</u>	<u>\$45,095</u>



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BELMONT COUNTY COMMITTEE ON AGING

BELMONT 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
FEBRUARY 6, 2001**