



**CHILD PROTECTIVE SERVICES SPECIAL AUDIT**

**BELLEFAIRE JEWISH CHILDREN'S BUREAU**

**REPORT ON AGREED-UPON PROCEDURES**

**JANUARY 1, 1998 THROUGH DECEMBER 31, 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
REPORT ON AGREED-UPON PROCEDURES**

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**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
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**BOARD OF TRUSTEES  
AS OF DECEMBER 31, 1998**

<b>NAME</b>	<b>TITLE</b>	<b>TERM</b>
Sandra Wuliger	President	June 1998 - June 1999
Nina Wain	Vice President	June 1998 - June 1999
Suzanne Schneps	Vice President	June 1998 - June 1999
Peter Rubin	Vice President	June 1998 - June 1999
William Joseph	Secretary	June 1998 - June 1999
Michael Ginzberg	Treasurer	June 1998 - June 1999
Donald Goldman	Asst. Treasurer	June 1998 - June 1999
Irwin Feldman	Past President	June 1998 - June 1999
David Cole	Trustee at Large <sup>1</sup>	June 1997 - June 2000
Iris Edelman	Trustee at Large	June 1998 - June 2001
Robert Englander	Trustee at Large	June 1997 - June 2000
David Fleshler	Trustee at Large	June 1996 - June 1999
Stanley Friedlander	Trustee at Large	June 1996 - June 1999
Richard Friedman	Trustee at Large	June 1996 - June 1999
Holly Gertman	Trustee at Large	June 1996 - June 1999
Gerald Goldberg	Trustee at Large	June 1998 - June 2001
Neil Goldman	Trustee at Large	June 1996 - June 1999
Bruce Goodman	Trustee at Large	June 1996 - June 1999
Lee Handel	Trustee at Large	June 1997 - June 2000

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<sup>1</sup> Trustees at Large shall, upon election serve for a term of three (3) years and until their successors are elected and qualified to serve.

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
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**BOARD OF TRUSTEES  
AS OF DECEMBER 31, 1998**

<b>NAME</b>	<b>TITLE</b>	<b>TERM</b>
Joel Herman	Trustee at Large	June 1997 - June 2000
Rik Kohn	Trustee at Large	June 1996 - June 1999
Ed Kraus	Trustee at Large	June 1998 - June 2001
Judy Levin	Trustee at Large	June 1997 - June 2000
Lisa Yelson Levin	Trustee at Large	June 1997 - June 2000
Dr. Stephen Levine	Trustee at Large	June 1998 - June 2001
Robert Markus	Trustee at Large	June 1998 - June 2001
Richard Miller	Trustee at Large	June 1997 - June 2000
Joan Katz Napoli	Trustee at Large	June 1997 - June 2000
Philip Neshkin	Trustee at Large	June 1996 - June 1999
Jackie Ponsky	Trustee at Large	June 1998 - June 2001
Cathy Randall	Trustee at Large	June 1997 - June 2000
Dr. Robert Ratcheson	Trustee at Large	June 1996 - June 1999
Nancy Rome	Trustee at Large	June 1998 - June 2001
Dr. Fred Rothstein	Trustee at Large	June 1996 - June 1999
Brad Schlang	Trustee at Large	June 1997 - June 2000
Linda Schneider	Trustee at Large	June 1998 - June 2001
Lillian Silverberg	Trustee at Large	June 1997 - June 2000
David Sokol	Trustee at Large	June 1996 - June 1999
Marvin Solganik	Trustee at Large	June 1997 - June 2000
Jan Stern	Trustee at Large	June 1998 - June 2001
Roger Synenberg	Trustee at Large	June 1998 - June 2001
Ron Teplitzky	Trustee at Large	June 1998 - June 2001

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
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**BOARD OF TRUSTEES  
AS OF DECEMBER 31, 1998**

<b>NAME</b>	<b>TITLE</b>	<b>TERM</b>
Ellen Ticktin	Trustee at Large	June 1996 - June 1999
William Wortzman	Trustee at Large	June 1998 - June 2001
Ted Reiff	Organizational Trustee	<sup>2</sup>
Caryn Groedel	Organizational Trustee	<sup>2</sup>
Barry H. Rothchild	Organizational Trustee	<sup>2</sup>
Gayle Schneider	Organizational Trustee	<sup>2</sup>
Jean Danziger	Organizational Trustee	<sup>2</sup>
Nate Schneider	Organizational Trustee	<sup>2</sup>
Evan Witt	Organizational Trustee	<sup>2</sup>

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<sup>2</sup>

Appointed by various affiliated organizations and the terms of office were not provided by the Placement Agency.

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
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**ADMINISTRATIVE PERSONNEL  
AS OF DECEMBER 31, 1998**

<b>NAME</b>	<b>TITLE</b>	<b>LENGTH OF SERVICE</b>
Adam G. Jacobs	Executive Director	1995 - Present
Jordan Rothkopf	Chief Operating Officer	1998 - Present
Betty Schieferstein	H.R. Administrator	3
Thomas Browne	Chief Financial Officer	1996 - Present
Ivy Boyle	Chief Medical Officer	3
Deborah Cowan	Director of Community Affairs & Resources Development (Associate Director)	3
Robert Schuppel	Director of Residential Treatment	3
Amnon Shai	Director of Community Services (Chief Clinical Officer)	3
Karen Anderson	Director of Foster Care & Adoption	3
Bernadette LaGuardia	Co-Director of Education & Prevention	3
Susan Ratner	Co-Director of Education & Prevention	3

Agency Address

Bellefaire Jewish Children's Bureau  
22001 Fairmount Blvd  
Shaker Heights, OH 44118



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**Independent Accountants' Report**

Thomas J. Hayes, Director  
Ohio Department of Job and Family Services  
30 East Broad Street  
Columbus, Ohio 43266-0423

Dear Director Hayes:

Pursuant to the memorandum of understanding signed July 6, 1999 between the Ohio Department of Job and Family Services<sup>4</sup> (ODJFS or Department), formerly known as the Ohio Department of Human Services (ODHS), and the Auditor of State (AOS), we have conducted a Child Protective Services/Special Title IV-E Review ("Review") and performed the procedures summarized below for Bellefaire Jewish Children's Bureau (Bellefaire JCB or Placement Agency) for the period January 1, 1998 through December 31, 1998 ("the Period"). These procedures were performed solely to determine if the Placement Agency complied with the provisions of certain Federal and State laws and regulations applicable to a private child placement agency (PCPA) and certain terms and conditions of its contract with Cuyahoga County Department of Children and Family Services (CCDCFS). The applicable laws, regulations and the provisions of its contract are described in the attached *Supplement to Report on Agreed-upon Procedures under Legal Authority*.

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. The report on agreed-upon procedures is intended for the information of ODJFS, however, the report will be a matter of public record and its distribution will not be limited. 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 performed procedures to determine whether the Placement Agency complied with the terms and conditions of its contractual agreements and provisions of applicable laws and regulations for expenditures during the Period.
2. We scanned all receipts and deposits from the applicable public children services agencies to Bellefaire JCB for the Period to determine whether receipts were properly deposited and recorded in the accounting records of the Placement Agency.
3. We compared the Placement Agency's per diem paid to the foster parents with the corresponding per diem it received from Cuyahoga County Department of Children and Family Services Agency (CCDCFS) to determine the ratio of payments for administration and maintenance.

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<sup>4</sup> The merger of the Ohio Department of Human Services and the Ohio Bureau of Employment Services to become the Ohio Department of Job and Family Services (ODJFS) took effect July 1, 2000.

4. We documented information, obtained through inquiry and observation, on the Placement Agency's internal control policies and procedures, relating to: 1) cash disbursements and expenses; 2) revenues; 3) personnel and payroll; 4) accounts receivable; 5) inventories; and 6) fixed assets.
5. We performed procedures to confirm internal administrative controls over compliance with the requirements of the Title IV-E program and the Ohio Admin. Code Chapter 5101:2.
6. We performed procedures to determine if Medicaid expenses were properly billed to the program.
7. We performed procedures to determine if there was proper monitoring of the Medicaid counseling.

On September 23, 2002 we held a post audit conference with the following:

<u>Name</u>	<u>Office/Position</u>
Thomas Browne	Bellefaire JCB, CFO
Adam Jacobs	Bellefaire JCB, CEO
Jordan Rothkopf	Bellefaire JCB, COO
Karen Anderson	Bellefaire JCB, Director of Foster Care & Adoption
Debbie Cowan	Bellefaire JCB, Associate Director
Sylvia Morrison	Bellefaire JCB, Director of Community Affairs
Irv Feldman	Bellefaire JCB, Board President
Gregory Binford	Bellefaire JCB, Legal Counsel
Greg Kelly	Auditor of State, Assistant Chief Deputy Auditor
Carolyn C. Edwards	Auditor of State, Auditor-in-Charge
Sam Long	Auditor of State, Auditor-in-Charge
Art Stackhouse	Office of Chief Inspector, Internal Auditor

Subsequent to the post audit conference Bellefaire JCB, provided additional documentation for the costs we questioned, that documentation was considered in this report.

Our detailed procedures and the results of applying these procedures are contained in the attached *Supplement to Report on Agreed-upon Procedures*. 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 the Placement Agency's internal control system over financial reporting or any part thereof. Had we performed additional procedures, or had we conducted an audit 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 addresses transactions relating to the above procedures only and does not extend to the financial statements of the Placement Agency, taken as a whole.

This report is intended for the information of the officials of ODJFS and is not intended to and should not be used by anyone other than this specified party. However, this report is a public record, and is available upon specific request.



JIM PETRO  
Auditor of State

September 30, 2002

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
REPORT ON AGREED-UPON PROCEDURES**

**BACKGROUND INFORMATION**

In response to concerns about a lack of fiscal accountability and questionable business practices, a memorandum of understanding was signed July 6, 1999, between ODJFS (formerly ODHS) and the Auditor of State (AOS). This memorandum formalized an agreement that ODJFS and AOS would perform investigations utilizing certain agreed-upon procedures under the supervision of the AOS. The agreement called for the AOS to supervise the engagement, issue the report and provide training to selected ODJFS staff members. The procedures are being performed at twenty-five private agencies for periods beginning January 1, 1998 and extending for a minimum of twelve months or a maximum of eighteen months. This is the twenty-third report released of the twenty-five reports to be issued.

**LEGAL AUTHORITY**

**Administration of Title IV-E Funds**

Title IV-E of the Social Security Act authorizes the payment of federal funds to states to provide foster care to children who have been removed from their homes through a voluntary placement agreement or judicial determination.<sup>5</sup> The program is administered at the federal level by the Administration for Children and Families (ACF), United States Department of Health and Human Services.

In the State of Ohio, the Department of Job and Family Services acts as the single state agency to administer federal payments for foster care, and shall adopt rules to implement this authority.<sup>6</sup> Within ODJFS, the program is administered by the Office of Children and Families.

At the local level, each county's public children services agencies (PCSA) or department of human services administers funds provided under Title IV-E of the Social Security Act in accordance with the rules adopted by the state Department of Human Services.<sup>7</sup>

**Public Children Services Agency Contractual Requirements**

Public Children Services Agencies (PCSAs) are authorized to enter into contracts with a private child placing agency (PCPA) or a private noncustodial agency (PNA) to provide care and services which it deems to be in the best interest of any child who needs or is likely to need public care and services.<sup>8</sup> PCPA/PNAs are licensed by ODJFS to act as a representative of ODJFS in recommending family foster homes for certification; accept temporary, permanent and legal custody of children; and place children for foster care or adoption. Cuyahoga County Department of Children and Family Services (CCDCFS), a PCSA, entered into such an agreement with Bellefaire JCB a PCPA.<sup>9</sup>

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<sup>5</sup> 94 Stat. 501 (1980), 42 U.S.C. Section 671, as amended.

<sup>6</sup> Ohio Rev. Code Section 5101.141(A). Rules established pursuant to this authority are found in Ohio Admin. Code Chapter 5101:2-47.

<sup>7</sup> Ohio Rev. Code Section 5153.16 (A)(14).

<sup>8</sup> Ohio Rev. Code Section 5153.16 (C)(2)(a)(v).

<sup>9</sup> Cuyahoga County Department of Children and Family Services Vendor Agreement for Foster Care, Residential Care, Emergency Shelter, Independent Living, Group Homes and Day Treatment Services (Purchase of Service Agreement) between CCDCFS and Bellefaire JCB Inc. dated 4/8/98, for the period January 1, 1998 through December 31, 1998.

## **BELLEFAIRE JEWISH CHILDREN'S BUREAU REPORT ON AGREED-UPON PROCEDURES**

### **Billing Process**

The PCPA or PNA submits an invoice monthly to the PCSA. The invoice contains specific information on each child, his or her per diem rate and the number of days in placement. Each month, the PCSA pays the PCPAs and PNAs based on their previous month's invoice, and reports to ODJFS the amount paid for each child and for other services including, but not limited to, case management, transportation for the children, recruiting, and training foster parents.<sup>10</sup>

### **Reports and Records**

Not-for-profit PCPAs and PNAs that provide foster care services for children eligible under the Title IV-E program are required to submit cost reports annually to ODJFS.<sup>11</sup> Costs reported are used to determine a maximum allowable reimbursement rate under the Title IV-E program for foster care maintenance payments and administrative costs. ODJFS requires that the governing body of the PCPA or PNA authorize and review an annual audit with an opinion of the organization's finances by an independent certified or registered public accountant,<sup>12</sup> and ODJFS asks that a copy of the last completed audit be submitted with the annual cost report.

OMB Circular A-110 provides, in pertinent part, "Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report. . ."<sup>13</sup>

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<sup>10</sup> Ohio Admin. Code Section 5101:2-47-11(G). Prior to 5/1/98, these requirements were generally contained in Ohio Admin. Code Section 5101:2-47-65(E).

<sup>11</sup> Form ODHS 2910 Purchased Family Foster Care Cost Report is applicable to PCPAs and PNAs. Annual filing requirement is found in Ohio Admin. Code Section 5101:2-47-24(D). Prior to 5/1/98, the annual filing requirement was contained in Ohio Admin. Code Section 5101:2-47-20(C)(1).

<sup>12</sup> Ohio Admin. Code Section 5101:2-5-08(A)(5). Effective 7/1/00, after the audit period, ODJFS amended this rule to provide that for PCPAs and PNAs with an annual gross income of less than \$300,000, it would be sufficient to prepare a written annual financial statement of the PCPA or PNA finances in accordance with generally accepted accounting principles. In addition to having the governing board authorize and review the required financial statements and audits, the amended rule requires agencies to submit them to ODJFS.

<sup>13</sup> Office of Management and Budget (OMB) Circular A-110 Uniform "Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations," Subpart C Paragraph 53(b).

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
REPORT ON AGREED-UPON PROCEDURES**

**Cost Principles**

Title IV-E foster care maintenance payments are designed to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation.<sup>14</sup> Allowable administrative costs do not include the costs of social services provided to the child, the child's family or foster family which provide counseling or treatment to ameliorate or remedy personal problems, behaviors or home conditions.<sup>15</sup> Allowable and unallowable cost guidelines for use in completing the cost reports are contained in the Ohio Administrative Code and in the Office of Management and Budget Circular A-122 *Cost Principles for Non-Profit Organizations*. In addition, because the PCPAs and PNAs enjoy federal tax-exempt status, they are directly precluded from assigning any part of their net earnings to the benefit of any private shareholder or individual . . .<sup>16</sup>

Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, establishes an audit requirement for federal funds (including Title IV-E funds) administered by state and local governments and non-profit entities, and authorizes auditors to question unallowed costs which appear to have resulted from a violation of law, regulation or other agreement governing the use of such funds, costs which are not supported by adequate documentation, or appear unreasonable.<sup>17</sup>

ODJFS codified the cost principles to which the PCPAs and PNAs are subject to by its promulgation of Ohio Admin. Code Sections 5101:2-47-11(C) and 5101:2-5-08(G).

Ohio Admin. Code Section 5101:2-47-11(C), states: "Allowable and unallowable cost guidelines for use in completing the ODHS 2909 and ODHS 2910 are contained in rules 5101:2-47-25 and 5101:2-47-26 of the Administrative Code and the Office of Management and Budget (OMB) Circulars A-87 and A-122."<sup>18</sup> Specifically, ODJFS considers certain costs to be unallowable for purposes of calculating the rate at which foster care maintenance costs can be reimbursed with federal Title IV-E funds including, but not limited to, contributions, donations, or any outlay of cash with no prospective benefit to the facility or program; entertainment costs for amusements, social activities, and related costs for staff only; and costs of activities prohibited under section 501(c)(3) of the Internal Revenue Code.<sup>19</sup>

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<sup>14</sup> 42 U.S.C. Section 675(4)(A).

<sup>15</sup> 45 C.F.R. Section 1356.60(c)(1999).

<sup>16</sup> 26 U.S.C. Section 501(c)(3).

<sup>17</sup> Pursuant to the rulemaking authority under the Single Audit Act, 31 U.S.C. Section 7505, the Secretary of the Department of Health and Human Services has promulgated a regulation which provides that state and local governments, as well as recipients and subrecipients that are non-profit organizations, are subject to the audit requirements contained in the Single Audit Act, 31 U.S.C. Sections 7501 et seq., and OMB Circular A-133. See 45 C.F.R. Section 74.26(b) and (a) (2001), respectively.

<sup>18</sup> Prior to 5/1/98, applicable cost guidelines were contained in Ohio Admin. Code Sections 5101:2-47-63 and 5101:2-47-64.

<sup>19</sup> Ohio Admin. Code 5101:2-47-26. Prior to 5/1/98, these requirements were contained in Ohio Admin. Code Section 5101:2-47-64.

## **BELLEFAIRE JEWISH CHILDREN'S BUREAU REPORT ON AGREED-UPON PROCEDURES**

Ohio Admin. Code Section 5101:2-5-08 (G) states, "A PCPA or PNA shall not permit public funds to be paid or committed to be paid to any corporation, firm, association or business in which any of the members of the governing body of the agency, the executive personnel or their immediate families have any direct or indirect financial interest, or in which any of these persons serve as an officer or employee, unless the services or goods involved are provided at a competitive cost or under terms favorable to the PCPA or PNA. The PCPA or PNA shall make a written disclosure, in the minutes of the board, of any financial transaction of the PCPA or PNA in which a member of the board or his/her immediate family is involved."

The Office of Management and Budget Circular A-110 *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations* establishes standards for uniform administrative requirements for Federal grants and agreements with institutions of higher education, hospitals, and other nonprofit organizations. Subpart C of Circular A-110 set forth requirements regarding: financial and program management, property and procurement standards, reports and records and termination and enforcement.

### **Reimbursement Process**

Each PCSA negotiates a foster care per diem rate (which includes maintenance and administrative costs) with a PCPA/PNA for each child placed with the agency. The PCPA/PNA submits invoices to the PCSA for payment of the agreed upon foster care per diem amount. Upon payment the PCSA reports the total amount paid to all PCPAs/PNAs on the ODHS 1925 (Title IV-E) Monthly FCM Invoice and submits it to ODJFS for reimbursement. ODJFS reviews the ODHS 1925 for administrative accuracy and pays the PCSA based upon the maximum allowable reimbursement rate set by ODJFS.

ODJFS reimburses the PCSA and submits these costs to HHS for reimbursement on the Title IV-E Foster Care and Adoption Assistance Financial Report, Part I Quarterly Report of Expenditures and Estimates. The federal reimbursement is known as federal financial participation (FFP)<sup>20</sup>. In 1998, the FFP was 58% for maintenance payments<sup>21</sup> made and 50% for administrative costs<sup>22</sup> incurred under the Title IV-E program. HHS disburses funds to ODJFS under the state plan for foster care approved by the Secretary of HHS.

ODJFS requires each PCPA/PNA to submit a ODHS 2910 Purchased Family Foster Care Cost Report that is used to calculate the maximum allowable reimbursement rate the PCSA can receive for foster care services provided by each PCPA/PNA. However, the PCSA and PCPA/PNA may negotiate per diem payment amounts greater than the maximum allowable reimbursement rate set by ODJFS.

Although ODJFS requires the PCPAs/PNAs to report their actual program costs on the ODHS 2910 Cost Report there is no verification or reconciliation performed between the costs reported to HHS and claimed for reimbursement on the Title IV-E Foster Care and Adoption Assistance Financial Report, Part I Quarterly Report of Expenditures and Estimates and the costs reported to ODJFS on the ODHS 2910 Purchased Family Foster Care Cost Reports submitted by the PCPAs/PNAs.

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<sup>20</sup> Ohio Admin. Code Section 5101:2-47-11 recites the foregoing reporting and reimbursement requirements. Prior to 5/1/98, these provisions were recited in Ohio Admin. Code Sections 5101:2-47-20 and 5101:2-47-65.

<sup>21</sup> 45 C.F.R. Section 1356.60(a)(2) (1999); ODHS Administrative Procedure Letter No. 245, dated 9/22/97; ODHS Family, Children & Adult Services Procedure Letter No. 61, dated 9/9/98.

<sup>22</sup> 45 C.F.R. Section 1356.60(c)(1999); ODHS Administrative Procedure Letter No. 245, dated 9/22/97; ODHS Family, Children & Adult Services Procedure Letter No. 61, dated 9/9/98.

## **BELLEFAIRE JEWISH CHILDREN'S BUREAU REPORT ON AGREED-UPON PROCEDURES**

### **Allowable Costs**

In addition to the Ohio Administrative Code, the Office of Management, Budget Circular A-122 *Cost Principles for Non-Profit Organizations*, which govern allowable costs, and the terms and conditions of the contract between CCDCFS and Bellefaire JCB formed the criteria to which we referred during our testing to determine if the expenditures at Bellefaire JCB were used to provide the administrative and direct service costs necessary to perform the services outlined in the contract.

The Agreement provides that CCDCFS will reimburse Bellefaire JCB at the stipulated per diem rate for the services delineated in Section 4 and described in Exhibit 1 of the Agreement. The Agreement also provides that Bellefaire, JCB will provide foster care maintenance, administrative case management, case planning activities and related administrative activities as set forth in Exhibit 3 of the Agreement.

Exhibit 3 of the Agreement is a complete copy of Ohio Admin. Code Section 5101:2-33-18, which is titled "Purchase of Service Agreements for Foster Care and Placement Services." That Ohio Admin. Code section describes foster care maintenance activities' as, "direct care and indirect management activities associated with room and board, daily supervision and care, and health-related services provided to children who are under the care and responsibility of a children services agency."<sup>23</sup>

Further, Ohio Admin. Code Section 5101:2-33-18(C), provides that, "Administrative case management and case planning activities" are, among other things, assistance from the providers of services, to the placement worker, under the purchase of services agreement, in activities such as: preparation for and participation in the judicial determination and review process, arranging for discharge and aftercare services, development of case plans and coordinating the provider's role in carrying out those plans.<sup>24</sup>

In addition to setting forth the services which are deemed allowable costs for foster care providers, the Purchase of Services Agreement establishes inspection and retention requirements for financial records: In Section 15 of the Agreement, Bellefaire JCB agreed that it would "maintain and preserve all records related to this Agreement in its possession and/or will assure the maintenance of such in the possession of any Third Party performing work related to this Agreement as specified by the Department and for a period of not less than three (3) years."<sup>25</sup>

### **Administration of Medicaid Services**

Bellefaire JCB also receives Medicaid receipts for reimbursement of medical counseling services provided by Bellefaire JCB to the foster children. Administrative rules promulgated by the Ohio Department of Job and Family Services, Medicaid Division, place certain requirements on applications for reimbursement by providers.

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<sup>23</sup> Ohio Admin. Code Section 5101:2-33-18(B). Ohio Admin. Code Section 5101:2-33-18 was rescinded effective 8-1-02. Contract requirements are now stated in Ohio Admin. Code Section 5101:2-47-23.1, which went into effect 12-1-01.

<sup>24</sup> Ohio Admin. Code Section 5101:2-33-18(C). Ohio Admin. Code Section 5101:2-33-18 was rescinded effective 8-1-02. Contract requirements are now stated in Ohio Admin. Code Section 5101:2-47-23.1, which went into effect 12-1-01.

<sup>25</sup> Section 15, Availability and Retention of Records, Purchase of Service Agreement, dated 4/9/98, pg. 23.

## **BELLEFAIRE JEWISH CHILDREN'S BUREAU REPORT ON AGREED-UPON PROCEDURES**

Ohio Admin. Code Section 5101:3-4-02 generally provides for reimbursement of an eligible provider for certain services provided by non-physicians under the direct or general supervision of a physician, including services provided by social workers for the diagnosis and treatment of mental and emotional disorders as outlined in Ohio Admin. Code Section 5101:3-4-29.

Pursuant to Ohio Admin. Code Section 5101:3-4-29(D), reimbursements for such services under the Medicaid program go to the employing or contracting physician or clinic.

Ohio Admin. Code Section 5101:3-4-29(G) requires that these services, performed by a licensed social worker or CSW, must be billed using the following procedure codes:

H5010 Therapy, individual, by social worker, per hour.

H5020 Psychotherapy, group (maximum eight persons per group), by non-physician, forty-five to fifty minutes, per person, per session.

H5025 Psychotherapy, group (maximum eight persons per group), by non-physician, ninety minutes, per person, per session.

### **RESOLUTION OF QUESTIONED COSTS**

Certain deficiencies identified in our Review may require us to report questioned costs to the U.S. Department of Health and Human Services and ODJFS.

OMB Circular A-133 defines questioned costs<sup>26</sup> as follows:

“Questioned cost means a cost that is questioned by the auditor because of an audit finding:

- (1) Which resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of Federal funds;
- (2) Where the costs, at the time of the audit, were not supported by adequate documentation; or
- (3) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.”

The foster care program in Ohio is funded by a combination of federal, state and local funds. Historically the percentage of funding has averaged approximately 37% federal, and 10% state reimbursement, and 53% local. During fiscal year 1998 the percentage of funding was 40% federal, and 10% state reimbursement and 50% local funds. These funds are commingled when paid to the Placement Agency to perform the program functions for which it is certified by ODJFS to perform. The accounting systems of the Placement Agencies, in general, are not designed to classify or track expenditures by the source of funds and it is difficult, if not impossible to match expenditures that result in questioned costs with the corresponding source of funds. Therefore when reporting questioned costs in this report we did not attempt to allocate those costs among the entities that provided the funding.

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<sup>26</sup>

Office of Management and Budget (OMB) Circular A-133, Subpart A, .105 Definitions.

## **BELLEFAIRE JEWISH CHILDREN'S BUREAU REPORT ON AGREED-UPON PROCEDURES**

We recommend that as part of the resolution of our audit findings ODJFS and the PCSAs contracting with Bellefaire JCB join together to ensure that Bellefaire JCB develops and implements a corrective action plan that will result in fiscal accountability<sup>27</sup> and legal compliance<sup>28</sup> in accountability and legal compliance in an expeditious manner. Based on the findings we recommend the following:

- (1) The PCSAs purchasing services from Bellefaire JCB should determine whether the findings set forth in this report constitute a breach of their contract, and if so seek an appropriate remedy.
- (2) ODJFS should assist the contracting PCSAs in seeking recovery of misspent funds by providing administrative and technical support as needed.

### **AGENCY INFORMATION:**

Bellefaire JCB is a private child placement agency (PCPA) that was incorporated as a nonprofit organization which is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). Bellefaire JCB is licensed by ODJFS to provide residential treatment, therapeutic foster care, intensive in-home services, independent living arrangements, partial hospitalization services and counseling, to recommend families to become foster families, and place children in foster homes and for adoption. When a county children services agency needs a home for a foster child, it can contact agencies such as Bellefaire JCB to place the child. Bellefaire JCB places foster children primarily for Cuyahoga County Department of Children and Family Services. Bellefaire JCB has provided services to Geauga, Lorain, Lake, Stark, Mahoning, Medina, and Summit County Children Services.

Bellefaire JCB provided an array of services that include campus based residential treatment for youths 13-18, community based group and foster care for young people birth through 21, and outpatient care for children and families. Bellefaire JCB's continuum of services also included the following: Information and Referral; Diagnosis and Assessment; Counseling for Individuals, Families & Groups; Parent Education; an Integrated Alcohol and Other Drug Use Prevention & Treatment Program; an Adoption Program with Services to Unwed Mothers; Transitional and Independent Living Skills Programs; a Bureau; School & Community Education; After Care Services; Emergency Shelter; Day Treatment Services; a Special Education School; an Abuse Program for both Offenders and Survivors and Home Based Family Preservation and Reunification Services.<sup>29</sup>

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<sup>27</sup> During the Period, Ohio Admin. Code Section 5101:2-33-19, Penalties for Failure to Comply with Fiscal Accountability Procedures, effective 12-1-01, ODJFS sets forth the penalties that ODJFS may enforce against PCSAs, PCPAs and PNAs for the failure to comply with procedures involving fiscal accountability.

<sup>28</sup> In Ohio Admin. Code Section 5101:2-47-23.1, Title IV-E Agency Contracting and Contract Monitoring Requirements, effective 12-1-01, ODJFS sets forth the requirements that a PCSA must establish a system of contracts and contract monitoring when purchasing foster care services.

<sup>29</sup> Description of Services provided by the Placement Agency.

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The following table shows statistical information about the agency for 1998 taken from the ODHS 2910 Purchased Family Foster Care Cost Report and other documentation provided by the Placement Agency:

**Table I  
Bellefaire JCB  
Foster Care Statistics**

<b>Characteristic</b>	<b>Statistic</b>
Daily Average Number of Children in Placement	208
Number of Active Licensed Foster Homes	136
Average Per Diem Rate	\$84
Number of PCSA from Which Agency Receives Children	8
Required Training for Foster Caregiver Orientation	36 Hours
Required Annual Training for Foster Caregiver	12 Hours
Expenditures Reported per the Title IV-E Purchased Family Foster Care Cost Report	\$5,721,595
Characteristics of Children Placed by Agency	Traditional, Specialized and Therapeutic Levels of Foster Care

During the Period, Bellefaire JCB's foster care staff consisted of 48 employees including, directors of foster care, a director of adoption services, licensing and training supervisor, specialized/therapeutic foster care supervisor, adoption services coordinator, specialized foster care supervisors, licensing & training specialist, adoption specialist, therapeutic case-managers, caseworkers, an administrative assistant, and clerical workers.

Approximately half of Bellefaire JCB's revenues were comprised of funds from Cuyahoga County Department of Children and Family Services. The total revenues received by Bellefaire JCB from Cuyahoga County Department of Children and Family Services during the Period of January 1, 1998 to December 31, 1998 was \$7,223,307.

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The following table shows the sources of revenue per the general ledger for the calendar year 1998 and the percentage of total revenue for each source.

**Table II  
Bellefaire JCB  
Revenue by Source**

	<u>1998</u>	<u>Percent of Total Revenue</u>
Cuyahoga County	\$7,223,307	51%
Medicaid	2,154,843	15
All other Counties	584,921	4
States of Illinois and W. Virginia	391,113	3
Grants & Reimbursements	2,087,193	15
Childcare User Fees	1,095,023	8
Other Revenues <sup>30</sup>	500,036	4
Totals	<u><u>\$14,036,436</u></u>	<u><u>100%</u></u>

**Relevant Individuals**

Adam Jacobs

Dr. Jacobs joined Bellefaire JCB in 1991, he served as the Director of Community Services and then as Associate Director. Since 1995, he has served as the Executive Director and CEO of Bellefaire JCB.

Thomas Browne

Mr. Browne has served as the Chief Financial Officer since 1996.

Jordan Rothkopf

Mr. Rothkopf has served as the Chief Operating Officer since 1998.

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<sup>30</sup>

These revenues consist of the following: Bureau of Workers Compensation reimbursements, Donations, and Interest Income.

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
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<b>ISSUE 1</b>	<b>TEST OF EXPENDITURES IN ACCORDANCE WITH TERMS OF AGREEMENTS AND APPLICABLE LAWS</b>
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**Objective:**

To determine whether the Placement Agency's expenditures complied with the terms and conditions of its contractual agreements, provisions of applicable laws and regulations, and proper business purposes during the Period.

**Procedures Performed:**

1. We obtained all canceled checks for non-payroll disbursements made by Bellefaire JCB for each month during the Period. (See Issue 5 for the reconciliation of payroll disbursements).
2. We inspected the details of every canceled check returned by the bank during the Period including vendor, amount, authorizing signature and endorsement for compliance with the terms and conditions of its contractual agreements, provisions of applicable laws and regulations, and proper business purposes.
3. For selected disbursements which did not appear reasonable considering: the nature of business or the vendor; high dollar amounts; checks payable to the staff or foster parents or payments that appeared to be contrary to policy, we requested supporting documentation, such as invoices.
4. We inspected the supporting documentation to determine compliance with program requirements for expenditures and for potential self-dealing transactions prohibited by Ohio Admin. Code Section 5101:2-5-08 (G).
5. We discussed with agency management all expenditures (check disbursements) that we found lacked adequate supporting documentation, were unallowable or unreasonable as defined in applicable rules, regulations and/or contract provisions.
6. We obtained all credit card statements paid by Bellefaire JCB for the Period and inspected details of each charge including vendor, amount, and authorization for compliance with the terms and conditions of its contractual agreements, provisions of applicable laws and regulations, and proper business purposes.
7. For selected credit card expenditures which did not appear reasonable considering: the nature of business or the vendor; high dollar amounts; charges related to the staff or foster parents or expenditures that appeared to be contrary to policy, we requested supporting documentation, such as invoices.
8. We discussed with agency management all credit card expenditures that we found lacked adequate supporting documentation, were unallowable or unreasonable as defined by applicable rule regulations and/or contract provisions.

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9. We read lease agreements and other documents supporting all car lease payments. We reviewed documentation supporting how the percentage of time the cars were used for business and personal use was determined and whether personal use was properly disclosed on the employees' W-2.
10. We read lease agreements and other documentation supporting all building lease or mortgage payments to determine property ownership, previous ownership and relationship between current and previous owners and the Placement Agency.

<b>ISSUE 1-1</b>	CHECK AND CREDIT CARD DISBURSEMENTS NOT AUTHORIZED OR WHICH LACKED SUPPORTING DOCUMENTATION REQUIRED UNDER THE CCDCFs CONTRACT.
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**Results:**

Office of Management and Budget (OMB) Circular A-122 "Cost Principles of Non-Profit Organizations," requires that for a cost to be allowable, it must, among other factors, be reasonable and adequately documented.<sup>31</sup>

The Circular further provides: "...The question of reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions which receive the preponderance of their support from awards. In determining the reasonableness of a given cost, consideration shall be given to: a) whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award, b) the restraints or requirements imposed by such factors are generally accepted sound business practices, arms length bargaining . . . c) whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large . . ." <sup>32</sup>

The Purchase of Services Agreement with CCDJFS establishes inspection and retention requirements for financial records. It states: "The Provider shall maintain financial records which sufficiently and properly reflect all direct and indirect costs expended in the performance of this agreement. Such records shall be available at all reasonable times for inspection, review or audit by duly authorized Department personnel or representatives.<sup>33</sup> The agreement further states that "the Provider shall maintain and preserve all records related to this Agreement in its possession...for a period of not less than three (3) years."<sup>34</sup>

In addition, under Section 1 of the Agreement, Bellefaire JCB was to provide those services delineated in Section 4 of the Agreement.

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<sup>31</sup> Office of Management and Budget (OMB) Circular A-122, "Cost Principles of Non-Profit Organizations," Attachment A, Paragraph (A)(2)(a) and (g).

<sup>32</sup> OMB Circular A-122, Attachment A, Paragraph (A)(3)(a) through (c).

<sup>33</sup> Section 14, Financial Records, Purchase of Services Agreement, dated 4/9/98, pg. 23.

<sup>34</sup> Section 15, Availability and Retention of Records, Purchase of Services Agreement dated 4/9/98, pg. 23.

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We inspected four hundred thirty (430) check disbursements totaling \$2,409,108 in expenditures. In addition, we inspected eight hundred seventy-two (872) credit card expenditures totaling \$40,188 in charges. We requested supporting documentation for these expenditure such as invoices and/or receipts for these expenditures, authorization by the board or responsible party, and an explanation of how the expenditure provided a benefit to the program or was necessary to the operation of the foster care program. Bellefaire JCB was able to provide us with invoices and/or receipts as requested for all transactions.

Additionally, twelve (12) credit card expenditures for \$4,078 and thirty-four (34) check disbursements for \$78,133 totaling \$82,211 were not allowable costs for foster care maintenance, administrative case management, case planning activities, and related administrative activities under the CCDCFs contract or OMB Circular A-122. These improper expenditures consisted of flowers, gift baskets, retirement gifts, gift certificates, holiday gifts for employees, Cleveland Indians tickets, a holiday party, overseas conference expenditures, contributions to various issue advocacy groups, professional costs to secure funds from the state of Ohio, malpractice insurance, and a monthly retainer to keep a bed open for a foster child for emergency purposes.

Bellefaire JCB's accounting system and documentation provided an accounting trail that enabled us to determine the percentage of the expenditures tested that were allocated as cost to the foster care, residential treatment, and medicaid programs. The PCSA included the total cost when submitting claims for reimbursement on the ODHS 1925 (Title IV-E) Monthly FCM Invoice. They were as follows:

1. Three (3) credit card transactions for \$177 and four (4) check disbursements for \$786, totaling \$963, were for flowers, gift baskets, retirement gifts, gift certificates, and holiday gifts for employees were unallowable according to OMB Circular A-122, Attachment B, Paragraph 18 which states, "Costs of goods or services for personal use of the organization's employees are unallowable regardless of whether the cost is reported as taxable income to the employees." The agency's reporting of a portion of these expenditures on its ODHS 2910 Purchased Family Foster Care Cost Report, ODHS 2909 Residential Child Care Facility Cost Report, ODMH Med-020 Community Medicaid Actual Cost of Service Cost Report was also in violation of Ohio Admin. Code Section 5101:2-47-26(A)(7), which generally disallows the reporting of "Entertainment costs for amusements, social activities, and related costs for staff only."<sup>35</sup> Unallowed costs for personal use totaled \$963.
2. Nine (9) check disbursement totaling \$19,817 for entertainment expenditures for Cleveland Indians tickets, retirement parties, and a holiday party were unallowable according to OMB Circular A-122, Attachment B, Paragraph 14 which states, in pertinent part, "Costs of amusement, diversion, social activities, ceremonials, and costs relating thereto, such as meals, lodging, rentals, transportation, and gratuities are unallowable (but see paragraphs 13 and 30)." Attachment B, Paragraph 13, allows "expenses incurred in accordance with the organization's established practice and custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance." The agency's reporting of a portion of these expenditures on its ODHS 2910 Purchased Family Foster Care Cost Report, ODHS 2909 Residential Child Care Facility Cost Report, ODMH Med-020 Community Medicaid Actual Cost of Service Cost Report was also in violation of Ohio Admin. Code Section 5101:2-47-26(A)(7), which generally disallows the reporting of "Entertainment costs for amusements, social activities, and related costs for staff only." Unallowed costs for entertainment totaled \$19,817.

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<sup>35</sup>

Prior to 5/1/98, this rule was stated in Ohio Admin. Code Section 5101:2-47-64(G).

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3. Nine (9) credit card transactions for \$3,901 and two (2) check disbursement for \$1,456, totaling \$5,357, for travel costs for employees to attend a seminar in Jerusalem, Israel on "Working with Holocaust Survivors and their Families" employees were unallowable according to OMB Circular A-122, Attachment B, Paragraph 55(e), states in part, "Direct charges for foreign travel costs are allowable only when the travel has received prior approval of the awarding agency. Each separate foreign trip must be approved. For purposes of this provision, foreign travel is defined as any travel outside Canada and the United States and its territories and possessions . . ." Prior approval was not obtained as required. Unallowed costs for travel totaled \$5,357.
4. Six (6) check disbursements totaling \$8,785 for contributions to various issue advocacy groups and other organizations were unallowable costs according to OMB Circular A-122, Attachment B, Paragraph 9, which states, "Contributions and donations by the organization to others are unallowable." Unallowed costs for contributions and donations totaled \$8,785.
5. Nine (9) check disbursements totaling \$45,000 for professional costs to... "advocating state legislative issues, including the state capital budget bill"<sup>31</sup> were unallowable according to OMB Circular A-122, Attachment B, Paragraph 25a(1) and (3) which states, "Notwithstanding other provisions of this Circular, costs associated with the following activities are unallowable: (1) Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind contributions, endorsements, publicity, or similar activity; and (3) Any attempt to influence: (i) The introduction of Federal or State legislation; or (ii) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity), or with any Government official or employee in connection with a decision to sign or veto legislation." Unallowed costs for lobbying totaled \$45,000.
6. One (1) check disbursement of \$652 for malpractice insurance was unallowable according to OMB Circular A-122, Attachment B, Paragraph 22a(2)(g) which disallows malpractice insurance unless it meets the following exception, states in part, "Medical liability (malpractice) insurance is an allowable cost of Federal research programs only to the extent that the Federal research programs involve human subjects or training of participants in research techniques...." The malpractice insurance purchased by Bellefaire JCB covered a mental health service provider. Unallowed costs for malpractice insurance totaled \$652.

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<sup>31</sup>

Letter from Gregory Binford, General Counsel, Bellefaire JCB, dated April 30, 2002.

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7. Three (3) check disbursements totaling \$1,637 to retain an open bed for emergency purposes for foster children were unallowable according to Ohio Admin. Code Section 5101:2-47-18 (M) which states in pertinent part: "Reimbursement shall not be available as a retainer to a caregiver for maintaining a space for emergency placements." The agency's reporting of a portion of these expenditures on its ODHS 2910 Purchased Family Foster Care Cost Report, ODHS 2909 Residential Child Care Facility Cost Report, ODMH Med-020 Community Medicaid Actual Cost of Service Cost Report was also in violation of Ohio Admin. Code Section 5101:2-47-26(A)(6), which generally disallows the reporting of "Contributions, donations, or any outlay of cash with no prospective benefit to the facility or program."<sup>31</sup> Unallowed costs for retainers totaled \$1,637.

**Table III  
Bellefaire Jewish Children's Bureau  
Questioned Costs**

<b>Unallowable Expenditures</b>	
<b>Unallowable Costs for Personal Use</b>	
Borders Books & Music-retirement gift	\$ 65
Daisy Hill Greenhouse-employee flowers	59
Miles Farmers-employee fruit basket	53
Flowers at training	11
Ohio Savings-gift certificate	561
Holiday gifts-employees	175
Flowerville-vased flowers	39
	963
<b>Unallowable Costs for Entertainment</b>	
Executive Tickets and Travel-Cleveland Indians tickets	17,620
Outrageous Endings-retirement party	297
Geppetto's Pizza & Ribs-holiday lunch	72
Jewish Communal Service Association-luncheon	100
Retirement Party	109
Hecks Catering-staff party	1,137
Party Time-rentals for banquet	252
Champs Restaurant-holiday party	230
	19,817
<b>Unallowable Costs for Travel</b>	
Cenes Tours, Ltd-Tel Aviv	408
Council of Jewish Federation-conference expense for Israel trip	2,736
Continental-flight expense for Israel trip	608
Travel Cell-cell phone bill for Israel trip	149

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**Table III  
Bellefaire Jewish Children's Bureau  
Questioned Costs**

Hillcrest Traveling-trip to Israel for conference	637
Hillcrest Traveling-trip to Israel for conference	819
	<u>5,357</u>
<b>Unallowable Costs for Contributions/Donations</b>	
Jewish Community Federation-contribution	100
East Cleveland Straight Talk-dinner tickets	110
Cuyahoga County Action Committee-issue advocacy group	8,000
Cuyahoga County Mental Health Board-dinner tickets	175
Citizens Committee for Children's Services-issue advocacy group	400
	<u>8,785</u>
<b>Unallowable Costs for Lobbying</b>	
Weston, Hurd, Fallon, Paisley & Howley, L.L.P.-professional fees to procure funds/grants from the State of Ohio	45,000
<b>Unallowable Costs for Malpractice Insurance</b>	
Dr. Ivy Boyd, M.D.-malpractice insurance	652
<b>Unallowable Costs for Retainers</b>	
Open Bed Retainers	1,637
<b>Total Unallowable Expenditures</b>	<u><u>\$82,211</u></u>

**Federal Questioned Costs: \$82,211**

The reimbursement claims submitted on the ODHS 1925 (Title IV-E) Monthly FCM Invoice by PCSAs contracting with Bellefaire JCB for foster care services included the \$82,211 in expenditures detailed in Table III. These expenditures were unallowable costs in violation of OMB Circular A-122 Attachment B, Paragraphs 9, 14, 18, 22a(2)(g), 25(a)(1) and (3), and 55(e), Ohio Admin Code Section 5101:2-47-18(M), and Ohio Admin. Code Sections 5101:2-47-26(A)(6)-(7).

Bellefaire included \$41,118 of these expenditures on the ODHS 2910 Purchased Family Foster Care Cost Reports, ODHS 2909 Residential Child Care Facility Cost Reports, and 1998 ODMH MED 020 Community Medicaid Actual Cost of Service Cost Report. As a result, these unallowed expenditures may have caused the overstatement of the Title IV-E maximum reimbursement rate and the overpayment of reimbursements claimed.

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**Management Comment:**

Cuyahoga County Department of Children and Family Services should require the agencies, with which it contracts for placement services, to obtain and submit to CCDCFS an annual financial audit performed in accordance with government auditing standards. In addition, to the independent auditor's report on the financial statements, professional standards would require the auditor to report on the Placement Agency's compliance with laws and regulations and on internal controls. CCDCFS should review these reports and follow up on any exceptions reported. CCDCFS did not have such requirements and as a result, annual audited financial statements and a report on internal controls were not submitted to CCDCFS during the Period.

Furthermore, all PCSAs purchasing services from the Placement Agency should determine whether the federal questioned costs set forth in this issue constitutes a breach of any contract or agreement it may have with Bellefaire JCB and if so seek appropriate remedy. ODJFS should assist the PCSAs in seeking recovery of the misspent funds by providing administrative and technical support as needed.

<b>ISSUE 2</b>	<b>TEST OF FUNDING RECEIVED FROM PUBLIC SOURCES</b>
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**Objective:**

To determine whether all receipts and deposits from the applicable public children services agencies to Bellefaire JCB for the Period were properly deposited and recorded in the accounting records of the Placement Agency.

**Procedures Performed:**

1. We determined the types of revenue that Bellefaire JCB received during the Period, by scanning the audited financial statements and the supporting general ledger.
2. We identified the sources of receipts received from bank statements and other related records.
3. We obtained documentation from the Cuyahoga County Auditor to determine the completeness of receipts received and deposited for fees for services.
4. We tested a sample of 10% of the monthly billings by the Placement Agency to CCDCFS for foster care placements to determine whether the amounts billed were received, and the receipts were deposited and recorded in the Placement Agency's financial records.
5. We scanned all revenue remittances and the general ledger to determine whether revenue had been recorded in the accounting records of the Placement Agency.

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**Results:**

We documented the types of revenue that Bellefaire JCB received as program service fees from various counties, grants and gifts, employee lease reimbursement and investment income. We obtained documentation from the County Auditor to determine the completeness of the receipts from CCDCFS. Furthermore, we determined that all CCDCFS disbursements to Bellefaire JCB were receipted, deposited, and recorded in its accounting records.

<b>ISSUE 3</b>	<b>TEST OF PAYMENTS TO FOSTER PARENTS</b>
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**Objectives:**

1. To determine whether Title IV-E maintenance funds received by Bellefaire JCB were used in accordance with the Social Security Act.
2. To determine whether Bellefaire JCB per diem payments to the foster parents were in accordance with the authorized schedule of per diem rates.
3. To determine the ratio of the per diem payments used for administration and maintenance.

**Procedures Performed:**

1. We obtained from Cuyahoga County Department of Children and Family Services, the ODHS Title IV-E Disbursement Journals detailing the federal reimbursement to Cuyahoga County Department of Children and Family Services for the months of January 1998 to June 1999 for foster care services. We also obtained from the Cuyahoga County Auditor a vendor payment history report for Bellefaire JCB for the same period and traced these payments to the invoices submitted by Bellefaire JCB.
2. We selected a representative sample of children identified by CCDCFS as Title IV-E eligible children being serviced by Bellefaire JCB. Federal maintenance payments to these children totaled \$183,061 or 38% of the sample.
3. We found the child's name on the appropriate month's ODHS Title IV-E Disbursement Journal. We documented the amount of federal maintenance reimbursement that would have been paid for each child.
4. We compared payments received by Bellefaire JCB from CCDCFS to the corresponding Bellefaire JCB billing in the month selected for each child in the sample.
5. We determined whether the total amount of the federal reimbursement for maintenance (58%) was used for the care of the foster child.
6. We determined whether the total amount of the county's required match to the federal reimbursement for maintenance (42%) was used for the care of the foster child.
7. We obtained the contracts or per diem agreements between the Bellefaire JCB and the foster parent for each child in the sample.

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8. We obtained and compared the authorized schedule of per diem rates to rates paid per the agreements between Bellefaire JCB and CCDCFS and between Bellefaire JCB and foster caregivers.
9. We compared the Bellefaire JCB per diem paid to the foster parents with the corresponding per diem it received from CCDCFS to determine the ratio of payments for administration and maintenance.

<b>ISSUE 3-1</b>	<b>ODJFS SYSTEMIC MISCLASSIFICATION OF COSTS RESULTS IN OVER PAYMENT OF THE TITLE IV-E MAINTENANCE REIMBURSEMENT</b>
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**Results:**

Payments for foster care maintenance are intended to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation.<sup>32</sup>

ODJFS submits quarterly reports to the U.S. Department of Health and Human Services (HHS) for reimbursement of federal financial participation (FFP) in foster care payments<sup>33</sup> made to the PCPAs and PNAs. In 1998, the FFP was 58% for maintenance payments<sup>34</sup> made and 50% for administrative costs<sup>35</sup> incurred under the Title IV-E program.

We selected a sample of 278 children eligible for Title IV-E federal maintenance reimbursements. We found that the PNA billed and CCDCFS submitted \$553,176 to ODJFS for reimbursement. ODJFS did not require the Placement Agency to specifically identify the amounts for maintenance and administration. ODJFS then requested FFP for foster care maintenance costs of \$312,134 and received \$181,038 at the 58% FFP reimbursement rate, however the Placement Agency only made maintenance payments to foster parents totaling \$198,351. The remaining \$113,783 was retained by Bellefaire JCB and used for administrative costs or other purposes.

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<sup>32</sup> 42 U.S.C. Section 675 (4)(A).

<sup>33</sup> Ohio Admin. Code Section 5101:2-47-11 recites the foregoing reporting and reimbursement requirements. Prior to 5/1/98, these provisions were recited in Ohio Admin. Code Sections 5101:2-47-20 and 5101:2-47-65.

<sup>34</sup> 45 C.F.R. Section 1356.60(a)(2)(1999); ODHS Administrative Procedure Letter No. 245, dated 9/22/97; ODHS, Family Children & Adult Services Procedure Letter No. 61, dated 9/9/98.

<sup>35</sup> 45 C.F.R. Section 1356.60(c)(1999); ODHS Administrative Procedure Letter No. 245, dated 9/22/97; ODHS Family, Children & Adult Services Procedure Letter No. 61, dated 9/9/98.

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The table below documents the amount of federal questioned cost and overpayment of the Title IV-E federal maintenance reimbursement.

**Table IV  
Overpayment of Title IV-E Maintenance Reimbursement**

Amount Paid to PCSA for Reimbursement of Maintenance Costs (Federal Financial Participation )	\$181,038
Required PCSA Match for Federal Financial Participation	<u>131,096</u>
Total Title IV-E Maintenance Claimed by ODJFS	312,134
Amount Paid by PNA to Foster Parents for Maintenance	<u>(198,351)</u>
Federal Questioned Cost	<u>\$113,783</u>

**Projected Questioned Cost:**

We specifically identified \$113,783 of questioned costs in our sample. In order to evaluate the potential effect of questioned costs caused by systemic problems in ODJFS' cost reporting, rate setting and cost reimbursement processes, we estimated the total likely questioned cost. We used the ratio approach, as illustrated below:

<u>Dollar Amount of Error :</u>		
Dollar Amount of Sample	\$113,783/\$312,134	36.45%
Dollar Amount of Population		X\$ <u>2,147,342</u>
Projected Overstatement of Maintenance Claim		<u>\$782,776</u>
Projected Overstatement of Maintenance Claimed (58% reimbursement rate X \$782,776)		\$454,010
Allowable Administration Reimbursement (50% reimbursement rate X \$782,776)		<u>(391,388)</u>
Overpayment of Maintenance Claim		<u>\$62,622</u>

**Federal Questioned Cost: \$62,622**

The Social Security Act requires that maintenance payments be used to meet the expenses as defined in 42 U.S.C. Section 675 (4)(A). In our sample, we found that the maintenance costs claimed for federal reimbursement was overstated by \$113,783, and when extended to the population, using the ratio approach, resulted in questioned costs of \$62,622.

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ODJFS should determine the federal questioned cost over reported to County and re-compute the Title IV-E per diem reimbursement rate that should have been paid to the Placement Agency during the Period and reimburse HHS, ODJFS or the PCSA for the overstated costs.<sup>36</sup>

**Management Comment:**

These questioned costs are a result of systemic problems in the ODJFS cost reporting, rate setting, and cost reimbursement processes. We recommend ODJFS redesign those processes to ensure costs are properly classified and reimbursements accurately claimed.<sup>37</sup> We further recommend that an adjustment to correct the overpayment of the Title IV-E maintenance reimbursement be made with the U.S. Department of Health and Human Services.<sup>38</sup>

<b>ISSUE 3-2</b>	<b>RATIO OF PAYMENT FOR ADMINISTRATION AND MAINTENANCE</b>
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**Results:**

We tested the payments from Cuyahoga County Department of Children and Family Services (CCDCFS) to Bellefaire JCB for a sample of 319 foster children. The payments to the Placement Agency for this sample totaled \$553,176. We noted that the Placement Agency received the correct per diem rates noted in the CCDCFS contract or an amount in excess of this amount (see Issue 3-3).

The foster parents in the sample received \$225,345, and we noted that these foster parents received the correct per diem rates per the CCDCFS contract. Of the \$553,176 received from CCDCFS by the Placement Agency the foster parents received \$225,345 or 41% of the total funds paid to the Placement Agency by CCDCFS. The remaining \$327,831 or 59% was retained by Bellefaire JCB and used for administrative costs, other direct services to children, or other purposes.

**Management Comment:**

ODJFS should establish by administrative rule a cap on the percentage of the private agency's allowable administrative cost. This administrative cost cap should be structured in a manner that maximizes the amounts expended for maintenance and other direct services to children, while allowing a reasonable percentage for necessary administrative costs.

<b>ISSUE 3-3</b>	<b>UPDATING OF FOSTER PARENT PER DIEM RATES</b>
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The Placement Agency should ensure the proper authorization and timely updating of rate changes and other changes in the per diem agreement between the Placement Agency and the foster caregiver.

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<sup>36</sup> Pursuant to Ohio Admin. Code Section 5101:2-47-01(L). Prior to 5/1/98, these provisions were recited in Ohio Admin. Code Sections 5101:2-47-03(H).

<sup>37</sup> In Ohio Admin. Code Section 5101:2-47-26.1, Procedures to Monitor Cost Reports Submitted by PCSAs, PCPAs, and PNAs, effective 12-1-01, ODJFS sets forth the cost report monitoring requirements.

<sup>38</sup> ODJFS repaid HHS \$3,324,425 on May 25, 2000 to settle a statewide finding resulting from the systematic misclassification of cost. Final resolution of this issue will be made after completion of the 25 foster care audits being performed by the Auditor of State.

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Per diem agreements between a Placement Agency and foster parents should represent the agreement of both parties to the terms of the foster care relationship. The Placement Agency should update their per diem agreements with the foster parents when changes occur (increases or decreases in the assessed level of care rate which effects the amount paid to foster parents).

During our review of the family foster files, we noted ten (10) instances when a child entered the Placement Agency, they were placed at the traditional level or specialized level of care. Approximately three months after the initial placement, CCDCFS issued their assessed level of care and the Placement Agency should have updated the per diem rate. Instead of changing the rate in their system when they received the notice, the Placement Agency sometimes waited to the next billing period to update the rate. Changes were updated on a monthly basis and sometimes were not made prior to the per diem checks being sent to foster parents.

**Management Comment:**

We recommend that amendments or new per diem agreements with foster parents should be completed for each subsequent rate change in a timely manner. This would provide assurance, to both the Placement Agency and the foster parents that the properly authorized and documented rate would be paid.

<b>ISSUE 3-4</b>	<b>PLACEMENT DATES</b>
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**Results:**

Accurate accounting for the dates a child enters and exits the care of a PCPA/PNA is necessary to ensure the child is continuously maintained in a safe environment, providing documentary evidence in the event of litigation, and calculating payments due to the PCPA/PNA.

We compared 319 placement dates recorded by CCDCFS and the PCPA/PNA and found 251 (78%) dates where the records did not agree. Inaccurate information about the dates children are placed in the care of PCPA/PNAs could result in inappropriate administrative decisions and incorrect payments to the PCPA/PNAs.

Furthermore, the risk that under/over payments could occur and be undetected increases significantly with the lack of integration of information and potentially incomplete or inaccurate information obtained from the Family and Children Services Information System (FACSIS).

**Management Comment:**

ODJFS should make the necessary procedural and programming changes to the Family and Children Services Information System (FACSIS) that would ensure the integrity of data needed by the PCPA/PNAs to manage the foster care program and accurately reflect placement dates.

We also recommend a system be developed and implemented that would integrate all placement information into a complete, accurate, and easily accessible database. In addition, we recommend that CCDCFS and the PCPA/PNAs review the process of recording the date children enter and exit the PCPA/PNA to find the most effective and efficient process.

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
REPORT ON AGREED-UPON PROCEDURES**

<b>ISSUE 4</b>	<b>TEST OF INTERNAL CONTROLS</b>
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**Objectives:**

1. To identify internal control weaknesses in the policies and procedures in place at the Placement Agency.
2. To recommend improvements in the internal control system in efforts to eliminate noncompliance, and increase fiscal accountability.

**Procedures Performed:**

1. We read the Board of Trustees' minutes, personnel records, and organizational chart to identify potential conflicts of interest and self dealing transactions that could result in noncompliance with Ohio Admin. Code Section 5101:2-5-08.
2. We completed a review of internal controls and identified weaknesses that existed in the accounting cycle.
3. We documented information, obtained through inquiry and observation, on the Placement Agency's internal control policies and procedures relating to: 1) cash disbursements and expenses; 2) revenues; 3) personnel and payroll; 4) accounts receivable; 5) inventories; and 6) fixed assets.

<b>ISSUE 4-1</b>	<b>CONTRACTUAL AGREEMENTS</b>
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**Results:**

Sound business practices dictates that contracts should be executed between parties when goods or services are going to be provided or property is going to be leased over a period of time. The contracts should define the terms of the agreement.

During our test of check disbursements and medicaid payments we noted the following:

Bellefaire JCB had ten (10) contractors that provided \$175,953 in medicaid services. Bellefaire JCB did not have a contractual agreement with any of the contractors detailing the services to be provided or the compensation rates to be paid. Bellefaire JCB acknowledged that it did not have contractual agreements with 3<sup>rd</sup> party medicaid contractors.<sup>39</sup>

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<sup>39</sup>

Letter received from Lauren Bowen, General Accounting Manager, dated 2/20/01.

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Additionally, Bellefaire JCB acknowledged that it did not have a lease agreement with the Temple - Tifereth Israel of Beachwood, Ohio, for property it had leased since December 1996 at a monthly rate of \$1,000. According to Bellefaire JCB even though they did not have a written lease, they had a month-to-month oral lease which was the only basis upon which Temple-Tifereth Israel would lease the space.<sup>40</sup> Bellefaire JCB no longer rented this space as of July 1999.<sup>41</sup>

When written contracts are not executed, disagreements could arise between the parties relating to the scope of the services which are to be provided as well as financial terms of the agreement.

**Management Comment:**

We recommend that Bellefaire JCB's Board establish a policy that requires contracts to be executed for transactions involving professional services or the lease of property. Additionally, this policy should establish the individual or position at the Agency responsible for signing contracts and consider a threshold at which Board approval would be required before entering into a contract.

<b>ISSUE 4-2</b>	1099 FORMS
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**Results:**

Employers are required to report on an informational return (form 1099) remuneration paid in excess of \$600 per calendar year to independent contractors.<sup>42</sup>

It was noted that the agency did not report all fees paid to two consultants on their 1099 forms. One doctor who did not have a contract with Bellefaire JCB was paid \$33,830 for medical consultations, however, her 1099 statement asserted compensation at \$26,990 (See Issue 4-1). Compensation in the amount of \$6,840 was not reported. Furthermore, a legal firm was paid \$45,000 for legal services, however their 1099 statement asserted compensation at \$30,000.

Failure to comply with IRS rules and regulations by not correctly reporting wages could result in interest and penalties to Bellefaire JCB and/or the independent contractor.

The agency described the discrepancy as a clerical error and advised us that it had instituted accounting controls regarding the amounts reported on 1099s. During the course of the audit Bellefaire JCB issued corrected 1099s, based on the amounts actually paid and sent them to the consultants.

**Management Comment:**

We recommend that Bellefaire JCB monitor its accounting controls with respect to the reporting requirements for 1099s to ensure continuous compliance with IRS rules and regulations.

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<sup>40</sup> Letter from Gregory Binford, General Counsel, Bellefaire JCB, dated April 30, 2002.

<sup>41</sup> Letter received from Lauren Bowen, dated 2/28/2001.

<sup>42</sup> 26 U.S.C. Section 6041A(a); 26 C.F.R. Section 1.6041-1(2001).

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
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<b>ISSUE 5</b>	TEST OF INTERNAL ADMINISTRATIVE CONTROLS OVER COMPLIANCE WITH REQUIREMENTS OF THE TITLE IV-E PROGRAM AND THE OHIO ADMINISTRATIVE CODE CHAPTER 5101:2
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**Objectives:**

1. To identify the administrative compliance requirements of the foster care program.
2. To identify significant administrative noncompliance with the provisions of the foster care program.
3. To determine if the Family Foster Home Records, completed and maintained by the PCPA/PNA, were in compliance with applicable sections of the Ohio Administrative Code.
4. To determine whether Title IV-E maintenance funds received by Bellefaire JCB were used in accordance with the Social Security Act.
5. To determine whether the ODHS 2910 Purchased Family Foster Care Cost Report(s) submitted to ODJFS by Bellefaire JCB was accurate and completed in accordance with ODJFS regulations.

**Procedures Performed:**

1. We read the Board of Trustees minutes, personnel records, and organizational chart to identify potential conflicts of interest and self dealing transactions that could result in noncompliance with Ohio Admin. Code Section 5101:2-5-08.
2. We determined whether the family foster home files were maintained in compliance with the applicable rules prescribed in Ohio Admin. Code Chapter 5101:2.
3. We determined whether the PCPA/PNA established a policy on: respite care; alternative care arrangements; residency; training and verification of income and prior childcare experience and if a policy was authorized and documented.
4. We compared wages paid as identified on the ODHS 2910 Purchased Family Foster Care Cost Report(s) to wages paid as identified on the Placement Agency's quarterly 941s or W-3 report.
5. We traced potential questioned costs to the cost report.

<b>ISSUE 5-1</b>	REQUIRED ON-GOING TRAINING
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**Results:**

During the Period, Ohio Admin. Code section 5101:2-5-33 stated, in pertinent part:

- (1) Public children services agency (PCSA), private child placing agency (PCPA) or a private noncustodial agency (PNA) shall develop and submit its annual foster caregiver orientation and training plan to ODHS for approval by October fifteenth of each year for the next calendar year.

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- (2) The training plan submitted pursuant to paragraph (A) of this rule shall include, but not be limited to:
  - (a) Not less than twelve hours of initial orientation to be required by the agency.
  - (b) Not less than twelve hours of annual ongoing training is to be required by the agency.<sup>43</sup>

Eight of the fourteen (57%) foster family files reviewed, did not document the completion of 12 hours of training by the foster caregiver within the required annual period. However, in all eight instances the Placement agency did complete 24 hours within the 2 year certification period.

The rules were established to ensure that only eligible persons obtain and maintain licenses to keep foster children. Failure to abide by the training requirements could render the foster parent ineligible to keep foster children.

Failure to ensure that foster care providers obtain the required training hours increases the risk that the agency will license foster caregivers who have not maintained the minimum eligibility requirements to be foster parents.

**Management Comment:**

Bellefaire JCB should monitor the on-going training requirements of the foster caregiver in a timely manner, and impose remedies for non-compliance.

In 1999 the Placement Agency adopted a training plan that requires 12 hours of annual ongoing training.

<b>ISSUE 5-2</b>	BCII CHECKS THROUGH FBI FOR FOSTER PARENTS PROOF OF RESIDENCY
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**Results:**

Ohio Admin. Code Section 5101:2-5-091(I) requires the agency to request that the Bureau of Criminal Identification and Investigation (BCII) obtain information from the Federal Bureau of Investigation (FBI) as a part of the criminal records check for the person if: “(1) The person does not present proof of residency in Ohio for the five-year period immediately prior to the date upon which the criminal records check is requested; or 2) The person [seeking certification as a foster caregiver] does not provide evidence that within that five-year period, BCII has requested information about the person from the FBI in a criminal records check.”

One out of fourteen (7%) of the family foster home files tested did not contain evidence that the Placement Agency determined whether the foster parents they recommended for licensing had resided in Ohio for the five-year period immediately prior to the date of the application seeking to become a foster caregiver.

We found that Bellefaire JCB did not perform and document procedures to ensure documentation of proof of residency or previous criminal records check, and did not obtain an FBI check when such documentation was not provided.

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<sup>43</sup> The cited rule was amended, effective 9-1-00, to provide, in pertinent part, that not less than 24 hours of ongoing training be provided during each certification period.

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By not assuring that criminal checks are performed for those persons seeking certification as foster care givers, or the other adult members of the potential foster caregiver's household increases the risk that individuals with criminal histories, which would make them unsuitable as foster care givers, could be certified and have children placed in their homes.

**Management Comment:**

We recommend that Bellefaire JCB request and review documentation of proof of residency in the state of Ohio to determine whether FBI criminal records checks are required and if so obtain it. We also recommend that ODJFS establish guidelines and standards for Placement Agencies to document their compliance with the administrative rules governing criminal records checks.

<b>ISSUE 5-3</b>	FIRE INSPECTIONS
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**Results:**

Ohio Admin. Code Section 5101-2-5-20(I) states, in pertinent part: "An agency shall require each foster caregiver to obtain an inspection of the family foster home by a state certified fire safety inspector or the state fire marshal's office, not more than ninety calendar days prior to the agency's recommendation for initial certification, certifying that the family foster home is free from conditions hazardous to the safety of foster children."

Ohio Admin. Code Section 5101-2-5-29(B) states, "All documentation required by Chapters 5101:2-5 and 5101:2-7 of the Administrative Code shall be contained in the individual family foster home record pursuant to paragraph (A) of this rule.

In one of fourteen (7%) family foster home files reviewed we noted that an inspection of the family foster home by a state certified fire safety inspector was documented as completed, however the actual form was not in the file.

By not obtaining and retaining all required documents prior to recommending licensing of the foster parent and maintaining these records in the files Bellefaire JCB did not adhere to Ohio Admin. Code section 5101:5-20(I).

**Management Comment:**

Bellefaire JCB should develop policies and procedures to assure that all licensing requirements are adhered to and that documentation is maintained within the foster caregiver case file.

<b>ISSUE 5-4</b>	INITIATION OF THE HOMESTUDY PRIOR TO THE RECEIPT OF A COMPLETED APPLICATION
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**Results:**

Ohio Admin. Code Section 5101:2-5-20 (C) provides, "An agency shall use ODHS 1691 for all initial family foster home applications and for the simultaneous approval of an applicant for adoptive placement.

- (1) An agency shall not accept an application for a family foster home certificate and approval for adoptive placement which does not contain complete and accurate information.

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- (2) An agency shall require that an application be made in the full name of each adult member of a couple, a single person, or each co-parent.
- (3) An agency shall not accept more than one application per household.
- (4) An agency shall not begin a family foster home homestudy prior to the receipt of a completed ODHS 1691."

The criminal record check is a required part of the homestudy process, which should not be started until the completion of a ODHS 1691, the application for a family foster home certificate.

Eight out of fourteen (57%) of the family foster home files reviewed documented that the Bureau of Criminal Identification (BCII) and/or the Federal Bureau of Investigation (FBI) checks were requested prior to the completion of an application for certification as a family foster home.

**Management Comment:**

Bellefaire JCB should comply with ODJFS rules intended to ensure a thorough and complete foster home homestudy is completed prior to licensing. We further recommend that the ODJFS licensing specialists follow up on this issue and take steps to ensure continuous compliance.

<b>ISSUE 5-5</b>	<b>COMPLETE AND ACCURATE INFORMATION ON APPLICATIONS</b>
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**Results:**

Ohio Admin. Code Section 5101:2-5-20(C)(1) provides: "An agency shall not accept an application for a family foster home certificate and approval for adoptive placement which does not contain complete and accurate information." The Placement Agency must take steps to assure the completeness and accuracy of information on the application.

Our review found that Bellefaire JCB did not document that income and employment was verified in 14 out of 14 (100%) of the family foster home files reviewed.

Failure to verify the completeness and accuracy of information on the Family Foster Home Application and homestudy increases the risk that unsuitable applicants may be recommended and approved. In addition ODJFS had not established guidelines and standards for Placement Agencies to document their compliance with this requirement.

**Management Comment:**

We recommend that ODJFS establish guidelines and standards for Placement Agencies to document their compliance with the administrative rules governing the licensing of family foster homes.

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
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<b>ISSUE 5-6</b>	<b>FOSTER PARENT PLACEMENT NOT MADE IN ACCORDANCE WITH HOMESTUDY</b>
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**Results:**

Ohio Admin. Code Section 5101:2-7-13(C) states that "The determination of the specific number, age, and sex of children to be placed in a particular family foster home is a joint responsibility of the foster caregiver and the recommending agency based on the agency's assessment of the foster caregiver's capability and physical facilities as required by this chapter."

Ohio Admin. Code Section 5101:2-5-32 (B) states in pertinent part, "Not more than five foster children and not more than a total of ten children, including the children of the foster caregiver, shall reside in a family foster home at any one time except . . . (1) When a foster caregiver has been certified for less than two years to operate a family foster home, or has less than two years of professional child care experience as documented by the recommending agency, not more than three foster children shall be placed in the home at anyone time except sibling groups...."

Ohio Admin. Code Section 5101:2-5-18(E) states: "A request for a waiver of the requirements or prohibitions imposed by Chapter 5101:2-7 of the Administrative Code and related provisions of Chapter 5101:2-5 of the Administrative Code shall be written using ODHS 1317 "Recommendation for Certification/Recertification of a Family Foster Home" and submitted to ODHS, bureau of resource management."

During our review it was noted that three out of fourteen (21%) family foster home files tested did not contain documentation of the agreed upon number of children to be placed in the home. In addition, one of fourteen family foster homes files exceeded the maximum number of allowable children in the home. There was no evidence that a waiver was requested.

Failure to comply with Ohio Administrative Code regulations that govern foster parent placements could potentially result in a child being placed in an unsuitable environment, thereby, putting the child at risk.

**Management Comment:**

We recommend the agency ensure all placements are in accordance with the agreement between the agency and the foster caregiver. We further recommend that the ODJFS licensing specialists follow up on this issue and take steps to ensure continuous compliance.

<b>ISSUE 6</b>	<b>TEST OF MEDICAID BILLINGS</b>
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**Objective:**

To determine if Medicaid billings at Bellefaire JCB were properly billed to the program.

**Procedures Performed:**

1. We determined if billing was submitted in the correct manner to the Medicaid program by analyzing a sample of payments in ODJFS's Medicaid Management Information System (MMIS) for calendar year 1998.
2. We determined if Bellefaire JCB received medicaid reimbursement in compliance with Ohio Administrative Code Sections 5101:3-4-02, 5101:3-4-29(D) and 5101:3-4-29(G).

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
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<b>ISSUE 6-1</b>	<b>UNALLOWABLE MEDICAID SERVICES</b>
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**Results:**

All Medicaid services billed should have complete and accurate source documentation, including signatures from authorized personnel. Failure to fully document medicaid billings could potentially subject the Placement Agency to repayment of undocumented billings.

During 1998, Bellefaire JCB had a contract with the Cuyahoga County Community Mental Health Board (CCCMHB) to provide Medicaid services.<sup>44</sup> Under this contract, Bellefaire JCB was required to maintain documentation for a period of six years.<sup>45</sup> Ohio Admin. Code Section 5122:2-3-02(A)(9) states, in pertinent part, "Each community mental health agency shall maintain a complete and adequate ICR (Individualized Client Record) for each client which shall include, but not be limited to, the following: Progress notes."

Additionally, Section 2 of this contract states, in pertinent part, "The CMH Agency hereby agrees to be subject to all requirements of Exhibits A - G that are required of Sub-Provider in such Exhibits, and all said requirements of such Exhibits are made a part of this Agreement as if fully set forth herein."

Attachment G of the CCCMHB contract (Community Medicaid Compliance Review Protocol) lists the following among services which are ineligible for reimbursement:

"Time Discrepancies - This refers to any services that are billed to two funding sources, or overlapping service times, (i.e. two services provided simultaneously). All billings with such time conflicts must be deleted. Another example of a time discrepancy is billing for one hour when one half hour is documented. In this case, ½ unit should be deleted." and "...If the reviewer can find no documentation of a billed service, the service must be deleted."

In our testing of medicaid billings at Bellefaire JCB we requested documentation for 1,570 service units totaling \$357,765. Bellefaire JCB was unable to provide us with progress notes for 46 service units totaling \$4,486. Of the 1,570 service units we found 40 service units where the number of service units on the progress notes were less than the number of service units billed and received by Bellefaire JCB. Bellefaire JCB was reimbursed \$3,860 for these services. Furthermore, we noted that 33 service units totaling \$3,064 were billed to and received for children who were discharged from the agency prior to the billing period. Undocumented and unallowable medicaid reimbursements amounted to \$11,410.

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<sup>44</sup> Services between CCCMHB and Bellefaire JCB, for the period July 1, 1998 through June 30, 1999, dated 8/13/98.

<sup>45</sup> Community Mental Health Agency Agreement, Section 14, dated 8/13/98.

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
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**Federal Questioned Cost: \$11,410**

Office of Management and Budget (OMB) Circular A-122 "Cost Principles of Non-Profit Organizations," requires that for a cost to be allowable, it must, among other factors be adequately documented.<sup>46</sup> By failing to maintain progress notes for \$4,486 in medicaid reimbursements and erroneously billing for services in the amount of \$6,924, Bellefaire JCB was in violation of section 14 and Attachment G of its contract with CCCMHB and Ohio Admin. Code Section 5122:2-3-02(A)(9) in the amount of \$11,410. In addition, Bellefaire JCB included these costs on the 1998 ODMH Med-020 Community Medicaid Actual Cost of Service Cost Report. The federal questioned cost totaled \$11,410.

**Management Comment:**

It is recommended that Bellefaire JCB continue to monitor progress notes in accordance with its establish policy to ensure that only billable services are submitted on the transmittals to the Ohio Department of Mental Health.

In February 2002 Bellefaire JCB approved a supervisory review policy to ensure only billable services are submitted to the Ohio Department of Mental Health.

<b>ISSUE 7</b>	<b>TEST OF MEDICAID SERVICES</b>
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**Objective:** To ascertain if there was proper monitoring of the Medicaid counseling.

**Procedures Performed:**

1. We determined if Bellefaire JCB performed the required monitoring in compliance with Ohio Administrative Code Section 5101:3-4-02.
2. We determined if services were being performed on the dates billed for by Bellefaire JCB.
3. We determined if qualified personnel were providing the required service.
4. We determined if the required medicaid reports were being signed by the required individual.

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<sup>46</sup>

OMB Circular A-122 "Cost Principles of Non-Profit Organizations", Attachment A, Paragraph A(2)(g).

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
REPORT ON AGREED-UPON PROCEDURES**

<b>ISSUE 7-1</b>	<b>UNLICENSED MEDICAID PROVIDERS</b>
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**Results:**

During the Period, Ohio Admin. Code Section 5122:23-05<sup>47</sup> required, among other things, that providers of hospitalizations be supervised by one of the following, as specified by the Department of Health and defined by Ohio Admin. Code 5122-23-01: a medical doctor or doctor of osteopathic medicine, a psychologist, a licensed independent social worker, a licensed professional counselor designated either as an LPCC or LPC, a registered nurse with specified graduate training and specialized clinical experience, or a licensed registered occupational therapist.

We noted a Clinical Supervisor, employed by Bellefaire JCB was not licensed to provide clinical supervision. Bellefaire JCB did not ensure their Clinical Supervisor was properly licensed to perform duties. The employee was terminated on January 17, 1999.

**Management Comment:**

We recommend Bellefaire JCB continue to monitor the credentials of staff that provide Medicaid services to ensure continuous compliance.

On September 17, 2001 Bellefaire JCB approved a clinical competence policy requiring that each supervisor be properly licensed.

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<sup>47</sup>

The cited rules were repealed, effective 7-15-01. Current standards for providers of partial hospitalization services and their supervisors are stated at Ohio Admin. Code Section 5122-29-07.

**BELLEFAIRE JEWISH CHILDREN'S BUREAU  
REPORT ON AGREED-UPON PROCEDURES**

**SUMMARY OF FEDERAL QUESTIONED COSTS**

**JANUARY 1, 1998 - DECEMBER 31, 1998**

<b>QUESTIONED COSTS</b>	<b>ISSUE NUMBER</b>	<b>PAGE NUMBER</b>	<b>AMOUNT</b>
Unallowable Expenditures	1-1	13	\$82,211
Systemic Overpayment of Title IV-E Maintenance Reimbursement <sup>48</sup>	3-1	20	\$62,622
Unallowable Medicaid Services <sup>49</sup>	6-1	31	\$11,410
<b>TOTAL FEDERAL QUESTIONED COSTS</b>			<b><u>\$156,243</u></b>

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<sup>48</sup> This Federal Questioned Cost resulted from the overstatement by ODJFS of maintenance claimed by county agencies.

<sup>49</sup> This Federal Questioned Cost resulted from Bellefaire's apparent over billing of medicaid services it provided to the Cuyahoga County Mental Health Board and CCCMHB's resulting payment to Bellefaire JCB.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**BELLEFAIRE JEWISH CHILDREN'S BUREAU**

**CUYAHOGA 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  
OCTOBER 7, 2002**