



**SOUTHERN OHIO COUNCIL OF GOVERNMENT**

**AGREED UPON PROCEDURES**

**FOR THE COST REPORTING PERIOD  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**



**Dave Yost • Auditor of State**



**SOUTHERN OHIO COUNCIL OF GOVERNMENT**

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# Dave Yost • Auditor of State

## Independent Accountant's Report on Agreed-Upon Procedures

Jenny Jones, Assistant Deputy Director  
Office of Audits, Ohio Department of Developmental Disabilities  
30 E. Broad Street, 13<sup>th</sup> Floor  
Columbus, Ohio 43215

Dear Ms. Jones:

As permitted by Ohio Revised Code Section 5123.05 and as required by the *Application for a §1915(c) HCBS Waiver*, Appendix I-2(c), the Auditor of State's Office performed the procedures enumerated below, to which the Ohio Department of Developmental Disabilities (DODD) agreed. The purpose is to assist you in evaluating whether the Southern Ohio Council of Government (SOCOG) prepared its *Income and Expenditure Report* and *County Summary Workbooks*<sup>1</sup> for the years ended December 31, 2010 in accordance with DODD's Guide to Preparing Income and Expenditure Reports for COG's and County Boards of Developmental Disabilities (Cost Report Guides) and to assist you in evaluating whether reported receipts and disbursements complied with 2 CFR 225 (OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*), and other compliance requirements described in the procedures below. The Council of Government's management is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of DODD. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### **Trial Balance Analysis**

1. We compared the COG's total assets to total liabilities plus equity on the Southern Ohio Council Trial Balance (as of December 31, 2010).

We found no differences.

2. We compared all receipt and disbursement entries on the Southern Ohio Council Trial Balance (as of December 31, 2010) to the Southern Ohio Council General Ledger (as of December 31, 2010).

We found no differences.

3. We compared all receipt and disbursement account totals on the Southern Ohio Council Profit and Loss by Class report (January through December 2010) and the Southern Ohio Council General Ledger (as of December 31, 2010) to *Schedule A, Summary of Service Costs-By Program* of the COG cost report and to Worksheets 2 through 10 and *Schedule C Income Report* of the *County Summary Workbooks*.

We found no differences.

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

4. We compared total disbursements on the Southern Ohio Council Profit and Loss (January through December 2010) to the total combined disbursements on *Schedule A, Summary of Expenditures-By Program* of the COG cost report (including costs allocated to the *County Summary Workbooks*).

We found no differences.

### Revenue Testing

1. DODD requested us to report variances if the COG's receipts reported on *Schedule C Income Report* of the *County Summary Workbooks* and report variances exceeding two percent of total receipts on *Schedule C Income Report* or greater than \$1,000.

We compared amounts paid to the COG per the 2010 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C Income Report* of the *County Summary Workbooks*.

We found no differences exceeding two percent or greater than \$1,000.

2. We scanned the Ohio Council Profit and Loss (January through December 2010) and the Southern Ohio Council General Ledger (as of December 31, 2010) to see if any transfers were recorded on the COG cost report or the *County Summary Workbooks*.

We found no transfers that were reported on the COG cost report or the *County Summary Workbooks*.

### Property, Depreciation, and Asset Verification Testing

1. DODD asked us to compare the COG's policies regarding capitalization of fixed assets with the following guidelines:

- Cost Report Guides for preparing *Worksheet 1, Capital Costs*
- 2 CFR 225 (OMB Circular A-87, Appendix B, 15(a)(2), and
- CMS Publication 15-1.

We found no inconsistencies between the COG's capitalization policies and the guidelines listed above.

2. DODD asked us to compare the COG's depreciation schedule to *Worksheet 1, Capital Costs* of the COG cost report and report any variances exceeding two percent of total depreciation costs on *Worksheet 1, Capital Costs*.

We compared the Southern Ohio Council of Government Depreciation Schedule to *Worksheet 1, Capital Costs* of the COG Cost Report.

We found no differences exceeding two percent.

3. We scanned the Southern Ohio Council of Government General Ledger (as of December 31, 2010) for items purchased during 2010 that met the COG's capitalization criteria and traced them to inclusion on the Southern Ohio Council of Government Depreciation Schedule.

We reported differences for purchases that were not properly capitalized in Appendix A.

4. We scanned the Southern Ohio Council of Government Depreciation Schedule for depreciation taken on the same asset more than once, assets that have been fully depreciated, or depreciation taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides.

We found no differences.

5. We compared the audited 2009 Southern Ohio Council of Government Depreciation Schedule to the 2010 Southern Ohio Council of Government Depreciation Schedule for changes in the depreciation amounts for assets which were not in compliance with the Cost Report Guide.

We found no differences.

6. We haphazardly selected five assets from the Southern Ohio Council of Government Depreciation Schedule for 2010 and traced these assets to their physical location.

We were able to trace all five assets to their physical location.

7. We haphazardly selected five of the COG's fixed assets which meet the COG's capitalization policy and are being depreciated in their first year in 2010 and determined if their useful life agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. We also recalculated the first year's depreciation for these assets, based on their cost, acquisition date and period of useful life to determine compliance with the Cost Report Guides..

We found SOCOG used a 5 year useful life for capitalization of computer equipment in lieu of a 3 year estimated useful life per the 2008 AHA Asset Guide. Since Southern Ohio Council of Government Depreciation Schedule showed prior usage of computer equipment at 5 years we made no adjustment.

8. DODD asked us to haphazardly select the lesser of five percent or 20 disposed assets from the COG's 2010 list of disposed assets and determine if the asset was removed from the COG's fixed asset ledger.

A list of disposed assets was unavailable for 2010 and was not examined. The business manager stated they did not have any fixed asset disposals during 2010.

### **Payroll Expenditure Testing**

1. DODD asked us to compare the COG's depreciation schedule to *Worksheet 1, Capital Costs* of the COG cost report and report any variances exceeding two percent of total depreciation costs on *Worksheet 1, Capital Costs*.

We scanned the SOCOG Payroll Detail (2010) report to determine if the employee salaries were reported on the appropriate cost category on the COG cost report or the *County Summary Workbooks*.

We found no differences.

2. DODD asked us to compare total payroll costs on the COG's trial balance to total payroll costs on the COG's cost report and the *County Summary Workbooks* and report variances exceeding one percent of total payroll costs on the COG's trial balance.

We compared the total payroll costs per the Southern Ohio Council Trial Balance (as of December 31, 2010) to total payroll costs per the COG's *Income and Expenditure Report* or the *County Summary Workbooks*.

We found no differences exceeding one percent of total payroll per the COG's Trial Balance.

3. DODD asked us to compare total payroll costs per the COG's cumulative W-2 report to total payroll costs per the COG's payroll register and report variances exceeding one percent of total payroll costs on the cumulative W-2 report.

We compared total payroll costs per the COG's cumulative W-2 Wage and Tax Statement report to total payroll per the SOCOG Payroll Expense report (Quarter Ending 12/31/2010).

We found no differences exceeding one percent.

4. We selected a haphazard sample of five employees and compared classification of the employees to entries on the COG's cost report or the *County Summary Workbooks* to determine if the allocation of salaries and benefit costs was consistent with the Cost Report Guides.

We found differences as reported in Appendix A.

#### **Non-Payroll Expenditure Testing**

1. We haphazardly selected a sample of 30 non-payroll disbursements from the Southern Ohio Council General Ledger (as of December 31, 2010) to determine if supporting documentation was maintained as required by 2 CFR 225 (OMB Circular A-87, Appendix A, (C)(1)(j)) and the disbursement was properly classified according on the COG's cost report or the *County Summary Workbooks* or transfers properly left off these reports in accordance with the Cost Report Guides.

We found no differences.

2. We scanned the Southern Ohio Council of Government General Ledger (as of December 31, 2010) and reviewed documentation to identify disbursements not classified according to the Cost Report Guides or costs which are non-federal reimbursable under 2 CFR 225 Appendix B or costs which were not capitalized in accordance with COG's capitalization policies (reviewed under procedure 1 above in Property, Depreciation, and Asset Verification Testing).

We found no differences.

#### **Medicaid Administrative Claiming Testing**

1. We compared the totals in the COG's MAC Costs by Code Report and MAC Random Moment Time Summary (RMTS) reports to Lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming of the COG cost report*.

We found no differences.

2. We compared salaries for MAC employees recorded on the MAC Costs by Code Report and MAC Random Moment Time Summary (RMTS) reports to the total payroll costs recorded on the SOCOG Payroll Detail (2010) report.

We found no differences.

3. We compared ancillary costs on the Roll up Report for the Ohio Department of Job and Family Services to Lines 6-10 of the *MAC Reconciliation Worksheet*.

We found differences as reported in Appendix A.



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

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

Sincerely,

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

Dave Yost  
Auditor of State

February 2, 2012

cc: Amy Cartwright, Director, SOCOG  
Lori Yoakum, Business Manager, SOCOG  
Kyle Lewis, Board President, SOCOG

**Appendix A**  
**Southern Ohio Council of Government**  
**2010 Income and Expenditure Report and County Summary Workbook Adjustments**

<b>Cost Report Location</b>	<b>Reported Amount</b>	<b>Correction</b>	<b>Corrected Amount</b>	<b>Explanation of Correction</b>
<b>Southern Ohio Council of Government Income and Expenditure Report</b>				
<b>Worksheet 2</b>				
1. Salaries (A) Cost	\$ 250,015	\$ (7,444)	\$ 242,571	To reclassify Behavioral Support Specialist salary.
4. Other Expenses (A) Cost	\$ 100,700	\$ (588)	\$ 100,112	To remove capital asset to be depreciated in 2011.
<b>Medicaid Administration Worksheet</b>				
6-10. Other Costs, (A) Reimbursement Requested through Calender Year	\$ 3,510	\$ 7,613	\$ 11,123	To correct MAC ancilliary costs
<b>Clinton County Summary Workbook</b>				
<b>Worksheet 10 (Direct Services)</b>				
27. COG Expense (Line 5), (E) Facility Based Services	\$ -	\$ 3,687	\$ 3,687	To reclassify Behavioral Support Specialist salary.
<b>Highland County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (C) School Age	\$ -	\$ 584	\$ 584	To reclassify Behavioral Support Specialist salary.
<b>Worksheet 10 (Direct Services)</b>				
27. COG Expense (Line 5), (E) Facility Based Services	\$ -	\$ 195	\$ 195	To reclassify Behavioral Support Specialist salary.
<b>Jackson County Summary Workbook</b>				
<b>Worksheet 10 (Direct Services)</b>				
27. COG Expense (Line 5), (E) Facility Based Services	\$ -	\$ 2,979	\$ 2,979	To reclassify Behavioral Support Specialist salary.



# Dave Yost • Auditor of State

**SOUTHERN OHIO COUNCIL OF GOVERNMENT**

**ROSS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 21, 2012**