



**SOUTHWEST OHIO COUNCIL OF GOVERNMENT**

**AGREED UPON PROCEDURES**

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



**Dave Yost • Auditor of State**



**SOUTHWEST OHIO COUNCIL OF GOVERNMENT  
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# Dave Yost • Auditor of State

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

Halina Schroeder, Audit Chief  
Office of Audits, Ohio Department of Developmental Disabilities  
30 E. Broad Street, 13<sup>th</sup> Floor  
Columbus, Ohio 43215

Dear Ms. Schroeder:

As permitted by Ohio Revised Code § 5123.05 and as required by the *Application for a § 1915(c) HCBS Waiver*, Appendix I-2(c), the Auditor of State's Office has performed the procedures enumerated below, to which the Ohio Department of Developmental Disabilities (DODD) agreed. The purpose is to assist you in evaluating whether the Southwest Ohio Council of Government (Southwest Ohio COG) prepared its *Income and Expenditure Report* (Cost 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 COGs and County Boards of Developmental Disabilities (Cost Report Guides) and to assist you in evaluating whether reported receipts and disbursements complied with 2 CFR 225 (OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*), and other compliance requirements described in the procedures below. The 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. The Southwest Ohio COG does not operate on the accrual basis of accounting, but uses the cash receipts and disbursements basis of accounting. Therefore, we were unable to compare assets to liabilities plus equity. However, we did compare Southwest Ohio COG's beginning cash balance plus cash receipts less cash disbursements to the Southwest Ohio COG's ending cash balance on the Statement of Cash Receipts, Cash Disbursements & Changes in fund cash balances and footed this report for accuracy.

We found no differences.

2. DODD asked us to compare all receipt and disbursement entries on the COG's trial balance to the COG's general ledger.

The Southwest Ohio COG did not have a trial balance report; therefore, we compared the receipt and disbursement totals on the Southwest Ohio COG Income vs Expense statement for 2010 report with the receipt and disbursement totals on the Statement of Cash Receipts, Cash Disbursements & Changes in fund cash balances report.

We found no differences.

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<sup>1</sup> Southwest Ohio COG recorded receipts and disbursements on behalf of the county boards of developmental disabilities (County Boards). Southwest Ohio COG prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following County Boards: Butler, Clermont, Hamilton and Warren.

3. We compared all receipt and disbursement account totals on the Southwest Ohio COG Income vs Expense statement for 2010 report to *Schedule A, Summary of Service Costs-By Program* of the COG cost report and Worksheets 2 through 10 and *Schedule C Income Report* of the *County Summary Workbooks*.

We found no differences.

4. We compared total disbursements on the Southwest Ohio COG Income vs Expense statement for 2010 report to total combined disbursements reported on *Schedule A, Summary of Expenditures-By Program* of the COG cost report and the *County Summary Workbooks*.

We found no differences.

### Revenue Testing

1. DODD requested us to compare the COG's receipts with those 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 the 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.

2. We scanned the Southwest Ohio COG Income vs Expense statement for 2010 report to see if any transfers were recorded on the COG's *Income and Expenditure Report* or the *County Summary Workbooks*.

We found transfers from the Member County Boards in the amount of \$30,664,363 classified as County Board Fees on *Schedule C, Revenue & Expenditure Report*. We reported this adjustment in Appendix A.

### 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.

A capitalization policy was unavailable and was not examined. The Southwest Ohio COG does not have a formalized policy in place, but stated in the event that they would purchase any capital assets their intentions would be to follow items outlined in the cost report guide.

2. DODD asked us to compare the COG's Depreciation Schedule for 2010 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*.

A depreciation schedule was unavailable and was not examined, nor were any depreciation costs recorded on *Worksheet 1, Capital Costs* of the COG Cost Report.

3. DODD asked us to scan the Southwest Ohio COG General Ledger for items purchased during 2010 that met the COG's capitalization criteria and traced them to inclusion on the COG's Depreciation Schedule.

We scanned the Southwest Ohio COG Income vs Expense statement for 2010 report for items purchased during 2010 that met the capitalization criteria in the guidelines under Procedure 1 above.

We found no unrecorded purchases.

4. DODD asked us to scan the COG's Depreciation Schedule for 2010 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.

A depreciation schedule was unavailable and was not examined, nor were any depreciation costs recorded on *Worksheet 1, Capital Costs* of the COG Cost Report.

5. DODD asked us to compare the COG's audited 2009 Depreciation Schedule to the COG's 2010 Depreciation Schedules for changes in the depreciation amounts for assets which were not in compliance with the Cost Report Guide.

A depreciation schedule was unavailable for 2009 and 2010 and was not examined, nor were any depreciation costs recorded on *Worksheet 1, Capital Costs* of the 2010 COG Cost Report.

6. DODD asked us to select five assets from the COG's fixed asset schedule and trace these assets to their physical location.

A fixed asset schedule was unavailable and was not examined.

7. DODD asked us to haphazardly select five of the COG's fixed assets from their fixed asset schedule which meet the COG's capitalization policy and are correctly being depreciated in their first year in 2010.

A fixed asset schedule was unavailable and was not examined, and no purchases meeting the capitalization criteria guidelines were identified under procedure 3 above.

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 and a fixed asset schedule were unavailable for 2010 and were not examined.

### **Payroll Expenditure Testing**

1. DODD asked us to scan the COG's 2010 payroll register to determine if the employee salaries were recorded in the appropriate cost category on the COG cost report or the *County Summary Workbooks* within one percent of total payroll costs on the COG and County Board trial balance reports.

A payroll register and trial balance report were unavailable for 2010 and were not examined. We reviewed the Southwest Ohio COG Income vs Expense statement for 2010 report and we did not identify any payroll disbursements to Southwest Ohio COG employees.

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.

A trial balance report was unavailable for 2010 and was not examined; however, we reviewed the Southwest Ohio COG Income vs Expense statement for 2010 report and we did not identify any payroll disbursements to Southwest Ohio COG employees.

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.

A payroll register and cumulative W-2 report were unavailable for 2010 and were not examined. We reviewed the Southwest Ohio COG Income vs Expense statement for 2010 report and we did not identify any payroll disbursements to Southwest Ohio COG employees.

4. DODD asked us to haphazardly sample two percent of total employees from the COG's payroll register and determined whether they had their salary properly allocated to the appropriate cost categories cost category on the COG cost report or the *County Summary Workbooks*.

A payroll register was unavailable for 2010 and was not examined. We reviewed the Southwest Ohio COG Income vs Expense statement for 2010 report and we did not identify any payroll disbursements to Southwest Ohio COG employees.

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

1. We selected all 15 non-payroll disbursements from the Southwest Ohio COG's cash balance report to determine if supporting documentation was maintained as required by 2 CFR 225 (OMB Circular A-87, Appendix A, (C)(1)(j)) and properly classified 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 differences as reported in Appendix A.

2. We scanned the Southwest Ohio COG Income vs Expense statement for 2010 report 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 the COG's capitalization policies reviewed under procedure 1 of the Property, Depreciation, and Asset Verification Testing.

We found no unrecorded purchases that should have been capitalized or no differences that were not already reported under procedure 1 above.

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 the Southwest Ohio COG, DODD, the Ohio Department of Job and Family Services, 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 "D" and "Y".

Dave Yost  
Auditor of State

May 23, 2012

cc: Rick Black, Business Manager, Southwest Ohio COG  
Sharon Woodrow, Board President, Southwest Ohio COG  
Superintendents of all Member County Boards of Developmental Disabilities  
Business Managers of all Member County Boards of Developmental Disabilities

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

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Southwest Ohio Council of Government Income and Expenditure Report</b>				
<b>Schedule C</b>				
1. County DD Board Fees	\$ 30,664,363	\$ (30,664,363)	\$ -	To remove transfers of Waiver Match funds
<b>Butler County Summary Workbook</b>				
<b>Schedule A</b>				
10. Worksheet 2 (Indirect Costs) (L) Community Residential	\$ -	\$ 398	\$ 398	To record worksheet 2 allowable expenses
10. Worksheet 2 (Indirect Costs) (O) Non-Federal Reimbursable	\$ -	\$ 9,929	\$ 9,929	To record non-federal allowable advertising expenses
<b>Clermont County Summary Workbook</b>				
<b>Schedule A</b>				
10. Worksheet 2 (Indirect Costs) (L) Community Residential	\$ -	\$ 398	\$ 398	To record worksheet 2 allowable expenses
10. Worksheet 2 (Indirect Costs) (O) Non-Federal Reimbursable	\$ -	\$ 9,929	\$ 9,929	To record non-federal allowable advertising expenses
<b>Hamilton County Summary Workbook</b>				
<b>Schedule A</b>				
10. Worksheet 2 (Indirect Costs) (L) Community Residential	\$ -	\$ 398	\$ 398	To record worksheet 2 allowable expenses
10. Worksheet 2 (Indirect Costs) (O) Non-Federal Reimbursable	\$ -	\$ 9,929	\$ 9,929	To record non-federal allowable advertising expenses
<b>Warren County Summary Workbook</b>				
<b>Schedule A</b>				
10. Worksheet 2 (Indirect Costs) (L) Community Residential	\$ -	\$ 398	\$ 398	To record worksheet 2 allowable expenses
10. Worksheet 2 (Indirect Costs) (O) Non-Federal Reimbursable	\$ -	\$ 9,929	\$ 9,929	To record non-federal allowable advertising expenses



# Dave Yost • Auditor of State

**SOUTHWEST OHIO COUNCIL OF GOVERNMENT**

**BUTLER 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  
JULY 17, 2012**