



Dave Yost • Auditor of State



**THE EMPLOYMENT CONNECTION  
PERRY COUNTY**

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## Independent Auditor's Report on Applying Agreed-Upon Procedures

Halina Schroeder, Audit Chief  
Division of Fiscal Administration, Audit Office  
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 Section 5123.05 and as required by the *Application for a §1915(c) Home and Community Based Services 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 Employment Connection (TEC), a Council of Government (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*<sup>1</sup> for the year ended December 31, 2012 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.

### **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 amounts paid to the COG per the 2012 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.

### **Trial Balance Analysis and Non-Payroll Expenditures Testing**

We compared the COG's total assets to total liabilities plus equity on the TEC Trial Balance.

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<sup>1</sup> The Employment Connection recorded receipts and disbursements on behalf of the county boards of developmental disabilities (County Boards). The Employment Connection prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following County Boards: Fairfield, Hocking, Licking and Perry.

We found no differences or computational errors.

2. DODD asked us to compare the COG's disbursements on the Trial Balance and General Ledger to *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the COG Cost Report and *Schedule A*, and worksheets 2 through 10 of the *County Summary Workbooks*, and report variances exceeding \$100 for total service contracts, other expenses and COG expenses on any worksheet.

We compared all service contracts, other expenses and COG expenses on *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the COG Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* to disbursements on the COG's Trial Balance and General Ledger.

We found differences as reported in Appendix A.

3. DODD asked us to determine whether the COG's disbursements on the General Ledger were properly classified within two percent of total service contracts, other expenses and COG expenses for worksheets 2 through 5 of the COG Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* and if these worksheets included disbursements over \$100 which are non-federal reimbursable under 2 CFR Appendix B.

We scanned the COG's General Ledger for service contracts, other expenses and COG expense rows on worksheets 2 through 5 of the COG Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* 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.

We found differences as reported in Appendix A for misclassified and non-federal reimbursable costs.

4. We haphazardly selected a sample of 60 non-payroll disbursements from the General Ledger that were classified as total service contracts, other expenses or COG expenses on worksheets 2 through 5 of the COG Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*.

We determined 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 to the Cost Report Guides.

We found differences as reported in Appendix A for misclassified and non-federal reimbursable costs.

5. We scanned the COG's General Ledger for items purchased during 2012 that met the COG's capitalization criteria and traced them to inclusion on the COG's fixed asset listing.

We found no unrecorded purchases meeting the capitalization criteria.

### **Property, Depreciation, and Asset Verification Testing**

1. DODD asked us to compare the COG's procedures regarding capitalization of fixed assets with the Cost Report Guides for preparing *Worksheet 1, Capital Costs* and 2 CFR 225 (OMB Circular A-87, Appendix B, 15(a)(2)).

We found no inconsistencies between the COG's capitalization procedures 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 \$100.

We compared all depreciation entries on *Worksheet 1, Capital Costs* of the COG Cost Report to the COG's expense summary report as the COG had no Depreciation Schedule.

We found differences as reported in Appendix A.

3. DODD asked us to scan the COG's Depreciation Schedule for 2012 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 did not perform this procedure as the COG had no Depreciation Schedule. The COG did not maintain assets requiring capitalization and depreciation.

4. DODD asked us to compare the COG's final 2011 Depreciation Schedule to the COG's 2012 Depreciation Schedules for changes in the depreciation amounts for assets purchased prior to the period under review which were not in compliance with the Cost Report Guides.

We did not perform this procedure as the COG did not have Depreciation Schedules in 2011 or 2012.

5. DODD asked us to haphazardly select the lesser of five of the COG's fixed assets or five percent of items which meet the COG's capitalization policy and are being depreciated in their first year in 2012 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. DODD also asked us to recalculate the first year's depreciation for these assets, based on their cost, acquisition date and useful life to determine compliance with the Cost Report Guides.

We did not perform this procedure as the COG has no fixed asset schedule and no purchases meeting the capitalization criteria guidelines were identified under Procedure 3 above.

6. DODD asked us to haphazardly select the lesser of five percent or five disposed assets in 2012 from the COG's list of disposed assets and determined if the asset was removed from the COG's fixed asset ledger. DODD also asked us to recalculate depreciation and any gain or loss applicable to 2012 for the disposed items based on its undepreciated basis and any proceeds received from the disposal or sale of the asset to determine compliance with the Cost Report Guide and CMS Publication 15-1, Chapter 1.

We did not perform this procedure because the COG stated that no capital assets were disposed of in 2012. We also scanned the General Ledger report and did not find any proceeds from the sale or exchange of fixed assets.

### **Payroll Testing**

1. DODD asked us to determine if employee salaries on the COG's Annual Payroll Journal and Trial Balance were within two percent of payroll costs reported on the COG Cost Report and the *County Summary Workbooks*.

We compared the total payroll costs per the COG's Annual Payroll Journal and Trial Balance with payroll costs reported on the COG cost report and the *County Summary Workbooks*.

We found no differences exceeding two percent.

2. We selected a haphazard sample of five employees and compared the COG's organizational chart to the worksheet on the COG's Cost Report or the *County Summary Workbooks* in which each employee's salary and benefit costs were allocated to ensure the allocation is consistent with the Cost Report Guides. DODD asked us to report differences greater than two percent of the total wage and benefit of any worksheet affected.

We found differences as reported in Appendix A.

3. We scanned the COG's payroll journal for 2012 and compared classification of employees to entries on the COG Cost Report and *County Summary Workbooks* to determine if salary and benefit costs were reported in accordance with the Cost Report Guides.

We found differences as reported in Appendix A.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the COG's Cost Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the managements of the COG, DODD, the Ohio Department of Medicaid, 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,



**Dave Yost**  
Auditor of State

January 21, 2014

cc: Sue Schmitter-Motta, Superintendent, The Employment Connection  
Cathy Henthorn, Business Manager, The Employment Connection  
David Couch, Board President, The Employment Connection  
Superintendents of all Member County Boards of Developmental Disabilities  
Business Managers of all Member County Boards of Developmental Disabilities



**Appendix A**  
**The Employment Connection**  
**2012 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>The Employment Connection Income and Expenditure Report</b>				
<b>Worksheet 1</b>				
6. Leases and Rental	\$ 20,388	\$ (20,388)	\$ -	To reclassify occupancy fee as not a rental fee
<b>Worksheet 2</b>				
1. Salaries	\$ -	\$ 91,760	\$ 91,760	To reclassify administrative salaries
4. Other Expenses	\$ 145,722	\$ (265)		To reclassify non-federal reimbursable expenses
		\$ 152,271		To reclassify COG expenses
		\$ (172)	\$ 297,556	To reclassify non-federal reimbursable expenses
<b>Worksheet 2A</b>				
3. Service Contracts	\$ 70,146	\$ (70,146)	\$ -	To reclassify expense as not program supervision
<b>Worksheet 4</b>				
4. Other Expenses (B) Non-Federal Reimbursable	\$ -	\$ 265		To reclassify non-federal reimbursable expenses
		\$ 172	\$ 437	To reclassify non-federal reimbursable expenses
<b>Fairfield County Board</b>				
25. COG Expenses (G) Community Employment	\$ -	\$ 9,956	\$ 9,956	To reclassify transportation expenses
27. COG Expenses (G) Community Employment	\$ 661,597	\$ (152,417)	\$ 509,180	To reclassify community employment expenses
<b>Hocking County Board</b>				
25. COG Expenses (G) Community Employment	\$ -	\$ 8,251	\$ 8,251	To reclassify transportation expenses
27. COG Expenses (G) Community Employment	\$ 187,170	\$ 15,210	\$ 202,380	To reclassify community employment expenses
<b>Licking County Board</b>				
25. COG Expenses (G) Community Employment	\$ -	\$ 3,642	\$ 3,642	To reclassify transportation expenses
27. COG Expenses (G) Community Employment	\$ 82,627	\$ (36,640)	\$ 45,987	To reclassify community employment expenses
<b>Perry County Board</b>				
25. COG Expenses (G) Community Employment	\$ -	\$ 8,251	\$ 8,251	To reclassify transportation expenses
27. COG Expenses (G) Community Employment	\$ 197,293	\$ 61,774	\$ 259,067	To reclassify community employment expenses

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# Dave Yost • Auditor of State

**THE EMPLOYMENT CONNECTION 2012**

**PERRY 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  
APRIL 10, 2014**