



Dave Yost • Auditor of State

**WEST CENTRAL OHIO NETWORK COUNCIL OF GOVERNMENT
SHELBY COUNTY**

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INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

Halina Schroeder, Audit Chief
Ohio Department of Developmental Disabilities
Division of Fiscal Administration, Audit Office
30 E. Broad Street, 13th Floor
Columbus OH 43215

Dear Ms. Schroeder:

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 West Central Ohio Network Council of Government (the COG or Westcon COG) prepared its *Income and Expenditure Report* and *County Summary Workbooks*¹ 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

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

We found no differences or computational errors.

¹ Westcon COG recorded receipts and disbursements on behalf of the county developmental disabilities boards (County Boards). Westcon COG prepared County Summary Workbooks to distribute these receipts and disbursements to each of the following County Boards: Auglaize, Darke, Hardin, Logan, Mercer, Miami, Preble, Shelby, and Union.

2. DODD asked us to compare the COG's disbursements on the Trial Balance and General Ledger reports 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 reports.

We found differences as reported in Appendix A.

3. DODD asked us to determine whether the COG's disbursements on the General Ledger reports 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 report 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 costs and non-federal reimbursable costs.

4. We haphazardly selected a sample of 60 non-payroll disbursements from the General Ledger reports 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 detailed general ledger report for items purchased during 2012 that met the COG's capitalization criteria and traced them to inclusion on the COG's 2012 Depreciation Schedule.

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 Depreciation Schedule.

We found no differences exceeding \$100.

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

4. We compared 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 found no differences.

5. We haphazardly selected one of the COG's fixed assets which met the COG's capitalization policy and was 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. We also recomputed 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 found differences as reported in Appendix A.

6. DODD asked us to haphazardly select the lesser of five percent or 5 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 2011 for the disposed items based on its un-depreciated 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 County Board stated that no capital assets were disposed of in 2012. We also scanned the General Ledger reports 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 and benefits on the COG's payroll reports 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 General Ledger and Trial Balance reports 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 End of Year Payroll report and 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 no differences exceeding two percent.

3. We scanned the COG's End of Year Payroll report 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 no differences.

Medicaid Administrative Claiming Testing

1. DODD asked us to contact its Random Moment Time Study (RMTS) Coordinator to report differences between the MAC salary and benefits versus the County Board's payroll records exceeding one percent.

We compared salaries and benefits entered on the Individual MAC Costs by Code report to the COG's End of Year payroll report.

We found no differences exceeding one percent.

2. We compared the original Individual MAC RMTS Summary reports to Lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming* of the COG cost report.

We found no differences.

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

We found differences as reported in Appendix A.

4. We selected 12 RMTS observed moments completed by employees of the COG from the DODD RMTS Participant Moments Question and Answer report for the second quarter of 2012 in which they documented their time spent on administering Medicaid-funded programs. We determined if supporting documentation of the COG employees' activity for each observed moment was maintained and the observed moment was properly classified in accordance with DODD's Guide to Medicaid Administrative Claiming (MAC) using the Random Moment Time Studies (RMTS) Methodology for 2012.

We found no differences.

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 Westcon 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.

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Independent Accountant's Report on
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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

December 23, 2013

cc: Renee Place, Executive Director, Westcon COG
Tonya Clark, Business Manager, Westcon COG
Diane Knupp, Board President, Westcon COG
Superintendents of all Member County Boards of Developmental Disabilities
Business Managers of all Member County Boards of Developmental Disabilities

Appendix A
WestCon Council of Government
2012 Income and Expenditure Report and County Summary Workbook Adjustments

<u>Cost Report Location</u>	<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	
WestCON Council of Government Income and Expenditure Report				
Schedule C				
I. County DD Board Fees	\$ 423,924	\$ 60,008	\$ 483,932	To agree to compiled report
III. Other Revenues				
C. Behavior Support Collaborative			\$ -	
Worksheet 1				
3. Buildings/Improve	\$ 4,327	\$ (449)	\$ 3,878	To remove depreciation from current year acquisition
Worksheet 2				
4. Other Expenses	\$ 61,964	\$ (8,970)	\$ 52,994	To remove capital asset
Worksheet 4				
4. Other Expenses (A) MAC Costs			\$ -	
4. Other Expenses (B) Non-Federal Reimbursable	\$ -	\$ 4,036	\$ 4,036	To record MAC fees
MAC Reconciliation Worksheet				
Lines (6-10) Other Cost				
Column A-Reimbursement Requested Through Calendar Year	\$ -	\$ 13,992	\$ 13,992	To record ancillary costs
Auglaize				
Schedule A				
3. Adaptive and Assistive Equipment	\$ 3,973	\$ (3,973)	\$ -	To reclassify non-waiver expenses
Schedule C				
I. County				
B. Interest	\$ 53,579	\$ 4,243	\$ 57,822	To agree to compiled report
Worksheet 2				
10. COG Expenses (O) Non-federal reimbursable	* \$ 230	\$ 4,243		To record investment fee
		\$ 59,638	\$ 64,111	To reclassify admin fees
Worksheet 5				
15. COG Expenses (M) Family Support Services	\$ 8,287	\$ 3,973	\$ 12,260	To reclassify non-waiver expenses
15. COG Expenses (O) Non-federal reimbursable	\$ 62,454	\$ (59,638)	\$ 2,816	To reclassify admin fees
Darke				
Schedule A				
3. Adaptive and Assistive Equipment	\$ 4,447	\$ (4,447)	\$ -	To reclassify non-waiver expenses
Schedule C				
I. County				
B. Interest	\$ 66,387	\$ 5,257	\$ 71,644	To agree to compiled report
Worksheet 2				
10. COG Expenses (O) Non-federal reimbursable	* \$ 210	\$ 5,257	\$ 5,467	To record investment fee
Worksheet 5				
15. COG Expenses (M) Family Support Services	\$ 32,283	\$ 4,447	\$ 36,730	To reclassify non-waiver expenses
Hardin				
Schedule A				
2. Environmental Accessibility Adaptations and/or Modifications and Supplies	\$ 3,538	\$ (203)		To reclassify home items
		\$ (3,335)	\$ -	To reclassify non-waiver expenses
3. Adaptive and Assistive Equipment	\$ 3,369	\$ (3,369)	\$ -	To reclassify non-waiver expenses
Schedule C				
I. County				
B. Interest	\$ 49,411	\$ 3,913	\$ 53,324	To agree to compiled report
Worksheet 2				
10. COG Expenses (O) Non-federal reimbursable	* \$ 210	\$ 3,913	\$ 4,123	To record investment fee
Worksheet 5				
15. COG Expenses (L) Community Residential	\$ 28,580	\$ 203	\$ 28,783	To reclassify home items
15. COG Expenses (M) Family Support Services	\$ 7,697	\$ 3,335		To reclassify non-waiver expenses
		\$ 3,369	\$ 14,401	To reclassify non-waiver expenses



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WEST CENTRAL OHIO NETWORK COG

SHELBY 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
JANUARY 9, 2014**