



Dave Yost • Auditor of State



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Independent Accountants' Report on Applying Agreed-Upon Procedures

Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

We have performed the procedures enumerated below, with which the Ohio Department of Medicaid (ODM) agreed, solely to assist ODM in evaluating whether the Central Ohio Area Agency on Aging, a Passport Administrative Agency, (hereafter referred to as the PAA) prepared its Aging Administered Waiver Annual Cost Report (Cost Report) for the period July 1, 2013 through June 30, 2014 (fiscal year (FY) 2014) in accordance with the PAA Medicaid Waiver Cost Report Instructions and to assist ODM in evaluating whether reported transactions complied with CMS Publication 15-1 (Provider Reimbursement Manual), and other compliance requirements described below. Note that all rules and code sections relied upon in this report were those in effect during the Cost Report period and may be different from those currently in effect. The Provider's management is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. The sufficiency of these procedures is solely the responsibility of ODM. 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

1. We compared the revenue reported in the *Ohio Department of Aging (ODA) Administered Waiver Programs Monthly Financial Report, Final Page A* to the PAA's Expanded General Ledger report and SFY 2013 Cost Report to identify any variance greater than \$500.

We found no variances.

2. We compared the PAA's PASSPORT Monthly Statement of Client Liability report to the Expanded General Ledger report and *ODA Administered Waiver Programs Monthly Financial Report, Final Page A* to identify any variances greater than \$500.

We found no variances.

3. We compared the Invoices, Credit Memos, Refunds and Bad Check for all Customers Billings reports to the Expanded General Ledger report and determined if the revenues were properly posted to *ODA Administered Waiver Programs Monthly Financial Report, Final Page A*.

We found no variances.

Square Footage

1. ODM asked that we obtain the PAA's square footage summary and/or floor plans and compare it with the square footage used for the cost allocation in the Cost Report.

We did not perform this procedure as the PAA did not use square footage as an allocation methodology.

Trial Balance and Non-Payroll Expenses

1. We compared the PAA's total disbursements on the Expanded General Ledger, Operating Costs, Cost Center Breakout and Allocation of Costs reports to *Worksheet 1, Total Allowable Expenses by Line Item*. We compared the Passport Information Management System and the PAA's Worksheet 2 Support reports to *Worksheet 2, Waiver Services Expenses Detail*. We identified variances greater than \$500.

We found no variances.

2. We scanned the PAA's Expanded General Ledger report and judgmentally selected 60 disbursements from all cost pools. We determined if supporting documentation was maintained, the costs were reported accurately, are allowable, and in accordance with the Three Party Agreement and/or Cost Report Instructions. We identified any variances or unallowable costs greater than \$500.

We found no variances exceeding \$500.

3. We reviewed the allocation methodology applied on *Worksheet 1, Total Allowable Expenses by Line Item* to determine if it is consistent with the approved methodologies in the Cost Report Instructions. In addition, we verified that the PAA applied the correct allocation to each cost center consistent with its Monthly Time Study reports. We identified variances greater than \$500 by cost center.

We found no variances.

Payroll

1. We compared total salaries and benefits reported on *Worksheet 1, Total Allowable Expenses by Line Item* to the PAA's Expanded General Ledger and Operating Costs reports to identify variances greater than two percent.

We found no variances.

2. We selected a judgmental sample of 20 employees and then obtained the detailed time studies support for each employee in the sample for one month and verified that each employee's time study support accurately rolled up to the monthly time study report used for allocating costs.

We found no variances.

Property

1. We compared the PAA's capital costs reported on *Worksheet 1, Total Allowable Expenses by Line Item* to the Expanded General Ledger and Operating Costs reports to identify any variances greater than \$500.

We found no variances.

2. We compared the PAA's FY 2014 Depreciation Schedule to its prior fiscal year Depreciation Schedule for changes in the depreciation amounts for assets purchased prior to the periods under review, depreciation taken on the same asset more than once, assets that have been fully depreciated in prior years, or depreciation which was not in compliance with the Cost Report Instructions to identify any cell variances greater than \$500.

Property (Continued)

We found no variances.

3. We determined the PAA's capitalization threshold and haphazardly selected the lesser of 10 or 10 percent of the PAA's fixed assets which meet the capitalization threshold and were being depreciated in the first year in FY 2014 and determine if the useful lives agreed to the estimated useful lives prescribed in the 2013 American Hospital Association (AHA) Asset Guide. We also recomputed the first year's depreciation for the one asset tested, based on its cost, acquisition date and useful life to determine compliance with the Cost Report Instructions and AHA Asset Guide and identified any variances greater than \$500.

We noted variances as it is the PAA's policy to depreciate a full year's depreciation in the period of acquisition and the asset was purchased in May 2014. This is inconsistent with the acceptable methods as described in CMS Publication 15-1, Section 118, *Determining Depreciation in Year of Acquisition and Disposal* which includes allowing a half year or actual time depreciation in the year of acquisition or a one month, quarterly, or up to a six month time lag to start accumulating depreciation. The PAA did not obtain approval for any other method used as required by CMS Publication 15-1. We recalculated first year depreciation for the asset tested using the actual time depreciation method and removed unallowable depreciation as reported in Appendix A.

Recommendation:

We recommend the PAA depreciate each new capital asset in the period of acquisition using an acceptable method in accordance with CMS Publication 15-1, Section 118, *Determining Depreciation in Year of Acquisition and Disposal*.

4. ODM asked that we haphazardly select the lesser of 10 percent or 10 disposed assets from FY 2014 from the PAA's deletion report and determine if the asset was removed from the PAA's fixed asset ledger and/or Depreciation Schedule. ODM asked that we also recalculate depreciation and any gain or loss for the disposed items tested, based on its undepreciated basis and any proceeds received from the disposal or sale of the asset to determine compliance with the Cost Report Instructions and CMS Publication 15-1, Chapter 1. ODM asked that we identify any variances greater than \$500.

We did not perform this procedure as the PAA stated that no capital assets were disposed of in FY 2014.

5. We scanned the Expanded General Ledger report for items purchased during the fiscal year that met the PAA's capitalization criteria and the procurement requirements and traced them to inclusion on the PAA's Depreciation Schedule. This included a scan of the repair and maintenance accounts to determine if these disbursements are properly reported in regards to capitalization and/or expenditure classification. We identified any variances greater than \$500.

We found no variances.

Contract Monitoring

1. We determined the PAA had written procedures and supporting documentation during the Cost Report period showing it performed provider oversight processes, which included pre-certification provider reviews, annual provider reviews, quarterly training logs, and site visits in accordance with Section III (A)(3)(b) in its Three Party Agreement with ODM and ODA.

Central Ohio Area Agency on Aging
Independent Accountants' Report on
Applying Agreed-Upon Procedures

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the PAA'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 PAA's management, ODM, ODA 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.

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

November 22, 2016

Appendix A

Central Ohio Area Agency on Aging

2014 Aging Administered Waiver Annual Cost Report Adjustments

		Reported		Corrected	
		Amount	Correction	Amount	Explanation of Correction
Worksheet 1 PASSPORT					
11	Capital Cost (1) General Administrative	\$ 25,467	\$ (234)	\$ 25,233	To remove depreciation prior to acquisition
11	Capital Cost (2) Screening	\$ 20,931	\$ (192)	\$ 20,739	To remove depreciation prior to acquisition
11	Capital Cost (3) Evaluation and Assessment	\$ 28,188	\$ (259)	\$ 27,929	To remove depreciation prior to acquisition
11	Capital Cost (4) Administrative Case Management	\$ 120,110	\$ (1,102)	\$ 119,008	To remove depreciation prior to acquisition
Worksheet 1 Choices					
11	Capital Cost (1) General Administrative	\$ 260	\$ (2)	\$ 258	To remove depreciation prior to acquisition
11	Capital Cost (4) Administrative Case Management	\$ 3,404	\$ (31)	\$ 3,373	To remove depreciation prior to acquisition
Worksheet 1 Assisted Living					
11	Capital Cost (1) General Administrative	\$ 1,795	\$ (16)	\$ 1,779	To remove depreciation prior to acquisition
11	Capital Cost (2) Screening	\$ 845	\$ (8)	\$ 837	To remove depreciation prior to acquisition
11	Capital Cost (3) Evaluation and Assessment	\$ 3,002	\$ (28)	\$ 2,974	To remove depreciation prior to acquisition
11	Capital Cost (4) Administrative Case Management	\$ 11,136	\$ (102)	\$ 11,034	To remove depreciation prior to acquisition
Final Page D					
Screening					
D-1	PASSPORT PAS/ID (c) Depreciation Expense Total Annual	\$ 189	\$ (63)	\$ 126	To remove depreciation prior to acquisition
D-2	PASSPORT Other Medicaid (c) Depreciation Expense Total Annual	\$ 351	\$ (116)	\$ 235	To remove depreciation prior to acquisition
D-3	PASSPORT Non-Medicaid (c) Depreciation Expense Total Annual	\$ 115	\$ (38)	\$ 77	To remove depreciation prior to acquisition
D-4	Assisted Living (c) Depreciation Expense Total Annual	\$ 23	\$ (8)	\$ 15	To remove depreciation prior to acquisition
Assessment					
D-5	PASSPORT PAS/ID (c) Depreciation Expense Total Annual	\$ 43	\$ (14)	\$ 29	To remove depreciation prior to acquisition
D-6	PASSPORT Other Medicaid (c) Depreciation Expense Total Annual	\$ 768	\$ (255)	\$ 513	To remove depreciation prior to acquisition
D-7	PASSPORT Non-Medicaid (c) Depreciation Expense Total Annual	\$ 6	\$ (2)	\$ 4	To remove depreciation prior to acquisition
D-8	Assisted Living (c) Depreciation Expense Total Annual	\$ 106	\$ (35)	\$ 71	To remove depreciation prior to acquisition
Case Management					
D-11	PASSPORT Home Care (c) Depreciation Expense Total Annual	\$ 3,143	\$ (1,042)	\$ 2,101	To remove depreciation prior to acquisition
D-12	Choices (c) Depreciation Expense Total Annual	\$ 28	\$ (9)	\$ 19	To remove depreciation prior to acquisition
D-13	Assisted Living (c) Depreciation Expense Total Annual	\$ 299	\$ (99)	\$ 200	To remove depreciation prior to acquisition
Provider Relations					
D-15	PASSPORT Provider Relations (c) Depreciation Expense Total Annual	\$ 401	\$ (133)	\$ 268	To remove depreciation prior to acquisition
D-16	Choices HCAS (c) Depreciation Expense Total Annual	\$ 15	\$ (5)	\$ 10	To remove depreciation prior to acquisition
General Administration					
D-18	PASSPORT PAS/ID (c) Depreciation Expense Total Annual	\$ 21	\$ (7)	\$ 14	To remove depreciation prior to acquisition
D-19	PASSPORT Other Medicaid (c) Depreciation Expense Total Annual	\$ 394	\$ (131)	\$ 263	To remove depreciation prior to acquisition
D-20	PASSPORT Non-Medicaid (c) Depreciation Expense Total Annual	\$ 11	\$ (4)	\$ 7	To remove depreciation prior to acquisition
D-21	Assisted Living (c) Depreciation Expense Total Annual	\$ 40	\$ (13)	\$ 27	To remove depreciation prior to acquisition

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CENTRAL OHIO AREA AGENCY ON AGING

FRANKLIN 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
DECEMBER 27, 2016**