



Dave Yost • Auditor of State



MID EAST OHIO REGIONAL COUNCIL  
KNOX COUNTY

TABLE OF CONTENTS

<b>Title</b>	<b>Page</b>
Independent Accountants' Report .....	1
Appendix A: Income and Expenditure Report Adjustments – 2014 .....	5

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedures

Halina Schroeder, Audit Chief  
Division of Fiscal Administration, Audit Office  
Ohio Department of Developmental Disabilities  
30 East Broad Street, 8<sup>th</sup> Floor  
Columbus, Ohio 43215

Dear Ms. Schroeder:

As permitted by Ohio Rev. Code § 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 Mid East Ohio Regional Council (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*<sup>1</sup> for the year ended December 31, 2014 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 COG'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 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 and Non-Payroll Expenditures**

1. We compared 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 Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* to identify variances greater than \$250 for total service contracts, other expenses and COG expenses on any worksheet.

We reported differences exceeding \$250 in Appendix A.

2. We compared total COG non-payroll disbursements on the General Ledger report to total service contracts, other expenses and COG expenses for worksheets 2 through 5 of the Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* to determine if non-payroll costs were reported within two percent.

We found no differences exceeding two percent.

---

<sup>1</sup> The COG recorded receipts and disbursements on behalf of the following county boards of developmental disabilities (County Boards): Belmont, Carroll, Coshocton, Fairfield, Guernsey, Harrison, Hocking, Holmes, Jefferson, Knox, Licking, Monroe, Morgan, Muskingum, Noble, Perry, Tuscarawas and Washington.

### **Trial Balance and Non-Payroll Expenditures (Continued)**

3. We scanned the COG's General Ledger report and judgmentally selected 60 non-payroll disbursements from the service contracts, other expenses and COG expense on worksheets 2 through 5 of the Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*. We determined if supporting documentation was maintained, the costs were allowable and properly classified according to the Cost Report Guides and 2 CFR 225 and identified any variances not classified as prescribed by the Cost Report Guide or costs which are non-federal reimbursable under 2 CFR 225 Appendix B and over \$250.

We also scanned for any program costs without corresponding statistics that are non-federal reimbursable because they do not demonstrate that the COG or one of the member County Board's programs received a measurable benefit as required under Appendix A, section (C)(3)(a) and the Cost Report Guides.

We reported misclassified and non-federal reimbursable costs in Appendix A. The COG had no statistics for service and support administration services; however, it indicated that the County Boards should have these statistics. We found no other program costs that lacked corresponding statistics.

4. We scanned the COG's General Ledger report for items purchased during 2014 that met the COG's capitalization criteria and traced them to inclusion on the COG's Tax Asset Detail report.

We found no unrecorded purchases meeting the capitalization criteria.

### **Payroll Testing**

1. We compared the COG's payroll disbursements on the Payroll Journal - Employee Summary Rate & Hours report to salaries and benefits reported on the Cost Report and the *County Summary Workbooks* to determine if payroll costs were reported within two percent.

We reported one variance exceeding two percent in Appendix A.

2. We scanned the COG's Payroll Journal - Employee Summary Rate & Hours All Bank Accounts report and compared classification of employees to entries on the 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.

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

1. We compared all depreciation entries on *Worksheet 1, Capital Costs* to the COG's Tax Asset Detail report to report any variances exceeding \$250.

We found no variances.

2. We compared the COG's final 2013 Tax Asset Detail report and prior year depreciation adjustments to the COG's 2014 Tax Asset Detail report 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 taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides to identify any cell variances greater than \$250.

### **Property, Depreciation and Asset Verification Testing (Continued)**

We found no variances greater than \$250.

3. DODD asked that we haphazardly select the lesser of 10 of the COG's fixed assets or 10 percent of items which met the COG's capitalization policy and were being depreciated in their first year in 2014 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2013 AHA Asset Guides. DODD asked that we also recompute 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 and AHA Asset Guide to identify any variances.

We did not perform this procedure as the COG did not have any fixed assets that met the capitalization policy and were being depreciated in their first year in 2014.

4. DODD asked that we haphazardly select the lesser of 10 percent or 10 disposed assets in 2014 from the COG's list of disposed assets and determine if the asset was removed from the COG's fixed asset ledger. DODD asked that we also recalculate depreciation and any gain or loss applicable to 2014 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 and identify any variances.

We did not perform this procedure as the COG stated that no capital assets were disposed. We scanned the COG's General Ledger report and did not identify any proceeds from the sale or exchange of fixed assets.

### **Medicaid Administrative Claiming Testing**

1. We compared the MAC salary and benefits versus the COG's payroll records to identify and notify DODD's Random Moment Time Study (RMTS) Coordinator of any variances exceeding one percent. We compared salaries and benefits entered on the MAC RMTS reports to the COG's Payroll Journal - Employee Summary Rate and Hours report.

We found no variances exceeding one percent.

2. We compared the MAC RMTS reports to lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming*.

We found no differences.

3. We selected 10 RMTS observed moments and 10 percent of any RMTS moments above that amount that were completed by employees of the COG from the DODD RMTS Participant Moments Question and Answer report for the 4th quarter of 2014. We determined if supporting documentation for each of the 20 observed moments tested were maintained and 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 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.

Mid East Ohio Regional Council  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures

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.

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

March 15, 2016



**Appendix A**  
**Mid East Ohio Regional Council**  
**2014 Income and Expenditure Report and County Summary Workbook Adjustments**

	<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	<u>Explanation of Correction</u>
<b>Mid East Ohio Regional Council</b>				
<b>Schedule A</b>				
16. Match Paid to DODD on Behalf of All County Boards	\$ 952,092	\$ (4,544)	\$ 947,548	To match trial balance worksheet
<b>Worksheet 2</b>				
1. Salaries (A) Cost	\$ 55,153	\$ 3,995	\$ 59,148	To correct allocation of billing service payroll
3. Service Contracts (A) Cost	\$ 82,729	\$ 32		To reclassify MEORC IT expense
		\$ 4,055		To reclassify MEORC IT expenses
		\$ (90)	\$ 86,726	To reclassify building service expenses
4. Other Expenses (A) Cost	\$ 222,258	\$ (80,418)		To match trial balance worksheet
		\$ (102)		To reclassify building service expenses
		\$ (252)		To reclassify payeeship services
		\$ (10,043)		To reclassify unallowable employee morale, MUI and general gov't expenses
		\$ 1,585		To reclassify MEORC admin expenses
		\$ 25	\$ 133,053	To reclassify MEORC admin expense
<b>Worksheet 3</b>				
3. Service Contracts (A) Cost	\$ -	\$ 90	\$ 90	To reclassify building service expenses
4. Other Expenses (A) Cost	\$ 13,608	\$ 102	\$ 13,710	To reclassify building service expenses
<b>Worksheet 4</b>				
4. Non-Federal Reimbursable (B) Non-Federal Reimbursable	\$ 33,648	\$ 413		To reclassify unallowable employee morale and general gov't expenses
		\$ 10,043	\$ 44,104	To reclassify unallowable employee morale, MUI and general gov't expenses
<b>Worksheet 5</b>				
4. Other Expenses (A) Other Cost	\$ 15,527	\$ 252	\$ 15,779	To reclassify payeeship services
<b>Belmont County</b>				
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 21,202	\$ (28)		To reclassify unallowable employee morale and general gov't expenses
		\$ (27)		To reclassify nursing supplies
		\$ (278)		To reclassify MEORC IT expenses
		\$ (109)	\$ 20,760	To reclassify MEORC admin expenses
<b>Carroll County</b>				
<b>Worksheet 5</b>				
15. Direct Costs (L) Community Residential	\$ -	\$ 408	\$ 408	To reclassify MUI payroll
15. Direct Costs (O) Non-Federal Reimbursable	\$ 7,245	\$ (408)	\$ 6,837	To reclassify MUI payroll
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 9,696	\$ (13)		To reclassify unallowable employee morale and general gov't expenses
		\$ (127)		To reclassify MEORC IT expenses
		\$ (13)		To reclassify nursing supplies
		\$ (50)	\$ 9,493	To reclassify MEORC admin expenses
<b>Coshocton County</b>				
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 47,454	\$ (20)		To reclassify unallowable employee morale and general gov't expenses
		\$ (198)		To reclassify MEORC IT expenses
		\$ (1,161)		To remove transfer
		\$ (503)		To remove transfer
		\$ (19)		To reclassify nursing supplies
		\$ (2)		To reclassify MEORC admin expense
		\$ (77)		To reclassify MEORC admin expenses
		\$ (3)	\$ 45,471	To reclassify MEORC IT expense

Appendix A (Page 2)  
 Mid East Ohio Regional Council  
 2014 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Fairfield County</b>				
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 97,535	\$ (55)		To reclassify unallowable employee morale and general gov't expenses
		\$ (536)		To reclassify MEORC IT expenses
		\$ (2,031)		To remove transfer
		\$ (880)		To remove transfer
		\$ (53)		To reclassify nursing supplies
		\$ (3)		To reclassify MEORC admin expense
		\$ (209)		To reclassify MEORC admin expenses
		\$ (4)	\$ 93,764	To reclassify MEORC IT expense
<b>Guernsey County</b>				
<b>Worksheet 5</b>				
15. Direct Services (L) Community Residential	\$ -	\$ 8,196	\$ 8,196	To reclassify MUI payroll
15. Direct Services (O) Non-Federal Reimbursable	\$ 16,523	\$ (8,196)	\$ 8,327	To reclassify MUI payroll
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 31,117	\$ (20)		To reclassify unallowable employee morale and general gov't expenses
		\$ (196)		To reclassify MEORC IT expenses
		\$ (580)		To remove transfer
		\$ (251)		To remove transfer
		\$ (19)		To reclassify nursing supplies
		\$ (1)		To reclassify MEORC admin expense
		\$ (77)		To reclassify MEORC admin expenses
		\$ (1)	\$ 29,972	To reclassify MEORC IT expense
<b>Harrison County</b>				
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 3,361	\$ (4)		To reclassify unallowable employee morale and general gov't expenses
		\$ (44)		To reclassify MEORC IT expenses
		\$ (4)		To reclassify nursing supplies
		\$ (17)	\$ 3,292	To reclassify MEORC admin expenses
<b>Hocking County</b>				
<b>Worksheet 5</b>				
14. Direct Services (L) Community Residential	\$ 14,544	\$ (799)	\$ 13,745	To match trial balance worksheet
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 27,239	\$ (15)		To reclassify unallowable employee morale and general gov't expenses
		\$ (145)		To reclassify MEORC IT expenses
		\$ (580)		To remove transfer
		\$ (251)		To remove transfer
		\$ (14)		To reclassify nursing supplies
		\$ (1)		To reclassify MEORC admin expense
		\$ (57)		To reclassify MEORC admin expenses
		\$ (1)	\$ 26,175	To reclassify MEORC IT expense
<b>Holmes County</b>				
<b>Worksheet 2</b>				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 4,502	\$ (1,878)	\$ 2,624	To correct allocation of billing service payroll
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 12,268	\$ (13)		To reclassify unallowable employee morale and general gov't expenses
		\$ (126)		To reclassify MEORC IT expenses
		\$ (97)		To remove transfer
		\$ (42)		To remove transfer
		\$ (12)		To reclassify nursing supplies
		\$ (49)	\$ 11,929	To reclassify MEORC admin expenses

**Appendix A (Page 3)**  
**Mid East Ohio Regional Council**  
**2014 Income and Expenditure Report and County Summary Workbook Adjustments**

	<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	<u>Explanation of Correction</u>
<b>Jefferson County</b>				
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 15,039	\$ (20)		To reclassify unallowable employee morale and general gov't expenses
		\$ (198)		To reclassify MEORC IT expenses
		\$ (19)		To reclassify nursing supplies
		\$ (77)	\$ 14,725	To reclassify MEORC admin expenses
<b>Knox County</b>				
<b>Worksheet 5</b>				
14. Direct Services (L) Community Residential	\$ 3,978	\$ (362)	\$ 3,616	To match trial balance worksheet
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 51,001	\$ (29)		To reclassify unallowable employee morale and general gov't expenses
		\$ (280)		To reclassify MEORC IT expenses
		\$ (1,064)		To remove transfer
		\$ (461)		To remove transfer
		\$ (28)		To reclassify nursing supplies
		\$ (2)		To reclassify MEORC admin expense
		\$ (109)		To reclassify MEORC admin expenses
		\$ (2)	\$ 49,026	To reclassify MEORC IT expense
<b>Licking County</b>				
<b>Schedule A</b>				
1. Room and Board/Costs to Live (L) Community Residential	\$ 144,276	\$ 19,310	\$ 163,586	To reclassify room and board expenses
<b>Worksheet 5</b>				
14. Direct Services (L) Community Residential	\$ 195,494	\$ (19,310)	\$ 176,184	To reclassify room and board expenses
<b>Worksheet 7-B</b>				
18. Nursing Services (E) Facility Based Services	\$ 28,064	\$ 26,728		To correct allocation of nursing payroll
		\$ 84	\$ 54,876	To reclassify nursing supplies
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 128,020	\$ (72)		To reclassify unallowable employee morale and general gov't expenses
		\$ (706)		To reclassify MEORC IT expenses
		\$ (2,660)		To remove transfer
		\$ (1,152)		To remove transfer
		\$ (70)		To reclassify nursing supplies
		\$ (5)		To reclassify MEORC admin expense
		\$ (276)		To reclassify MEORC admin expenses
		\$ (6)	\$ 123,073	To reclassify MEORC IT expense
<b>Monroe County</b>				
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 21,077	\$ (7)		To reclassify unallowable employee morale and general gov't expenses
		\$ (64)		To reclassify MEORC IT expenses
		\$ (580)		To remove transfer
		\$ (251)		To remove transfer
		\$ (6)		To reclassify nursing supplies
		\$ (1)		To reclassify MEORC admin expense
		\$ (25)		To reclassify MEORC admin expenses
		\$ (1)	\$ 20,142	To reclassify MEORC IT expense

Appendix A (Page 4)  
 Mid East Ohio Regional Council  
 2014 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Morgan County</b>				
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 17,738	\$ (6)		To reclassify unallowable employee morale and general gov't expenses
		\$ (13,170)		To match payroll ledger
		\$ (23)		To reclassify MEORC admin expenses
		\$ (6)		To reclassify nursing supplies
		\$ (60)	\$ 4,473	To reclassify MEORC IT expenses
<b>Muskingum County</b>				
<b>Worksheet 2</b>				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 5,600	\$ (2,117)	\$ 3,483	To correct allocation of billing service payroll
<b>Worksheet 5</b>				
14. Direct Services (L) Community Residential	\$ 91,584	\$ (402)		To reclassify SSA expenses
		\$ (3,388)		To reclassify transportation expenses
		\$ (4,209)	\$ 83,585	To reclassify facility based expenses
<b>Worksheet 7-B</b>				
18. Nursing Services (E) Facility Based Services	\$ 58,802	\$ (13,364)		To correct allocation of nursing payroll
		\$ 176	\$ 45,614	To reclassify nursing supplies
<b>Worksheet 8</b>				
25. Transportation (E) Facility Based Services	\$ 476	\$ 3,388	\$ 3,864	To reclassify transportation expenses
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 102,498	\$ (23)		To reclassify unallowable employee morale and general gov't expenses
		\$ (229)		To reclassify MEORC IT expenses
		\$ 402		To reclassify SSA expenses
		\$ (1,320)		To remove transfer
		\$ (3,046)		To remove transfer
		\$ (23)		To reclassify nursing supplies
		\$ (5)		To reclassify MEORC admin expense
		\$ (89)		To reclassify MEORC admin expenses
		\$ (7)	\$ 98,158	To reclassify MEORC IT expense
<b>Worksheet 10</b>				
27. Direct Services (E) Facility Based Services	\$ 818	\$ 4,209	\$ 5,027	To reclassify facility based expenses
<b>Noble County</b>				
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 4,482	\$ (6)		To reclassify unallowable employee morale and general gov't expenses
		\$ (59)		To reclassify MEORC IT expenses
		\$ (6)		To reclassify nursing supplies
		\$ (23)	\$ 4,388	To reclassify MEORC admin expenses
<b>Perry County</b>				
<b>Worksheet 7-B</b>				
18. Nursing Services (E) Facility Based Services	\$ 46,774	\$ (13,364)		To correct allocation of nursing payroll
		\$ 140	\$ 33,550	To reclassify nursing supplies
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 33,272	\$ (23)		To reclassify unallowable employee morale and general gov't expenses
		\$ (224)		To reclassify MEORC IT expenses
		\$ (580)		To remove transfer
		\$ (251)		To remove transfer
		\$ (22)		To reclassify nursing supplies
		\$ (1)		To reclassify MEORC admin expense
		\$ (88)		To reclassify MEORC admin expenses
		\$ (1)	\$ 32,082	To reclassify MEORC IT expense

Appendix A (Page 5)  
 Mid East Ohio Regional Council  
 2014 Income and Expenditure Report and County Summary Workbook Adjustments

	<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	<u>Explanation of Correction</u>
<b>Tuscarawas County</b>				
<b>Worksheet 5</b>				
14. Direct Services (L) Community Residential	\$ 58,581	\$ (4,497)	\$ 54,084	To match trial balance worksheet
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 54,909	\$ (30)		To reclassify unallowable employee morale and general gov't expenses
		\$ (295)		To reclassify MEORC IT expenses
		\$ (1,161)		To remove transfer
		\$ (503)		To remove transfer
		\$ (29)		To reclassify nursing supplies
		\$ (2)		To reclassify MEORC admin expense
		\$ (115)		To reclassify MEORC admin expenses
		\$ (3)	\$ 52,771	To reclassify MEORC IT expense
<b>Washington County</b>				
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service & Support Admin	\$ 54,607	\$ (30)		To reclassify unallowable employee morale and general gov't expenses
		\$ (291)		To reclassify MEORC IT expenses
		\$ (1,161)		To remove transfer
		\$ (503)		To remove transfer
		\$ (29)		To reclassify nursing supplies
		\$ (2)		To reclassify MEORC admin expense
		\$ (114)		To reclassify MEORC admin expenses
		\$ (3)	\$ 52,474	To reclassify MEORC IT expense

Note: Original Cost Report balances have been adjusted to reflect allocations as a result of the above adjustments to *Worksheet 2* of the Cost Report. Other *County Summary Workbooks* have been affected by this same allocation; however, those adjustments are not shown here due to this being a function of how costs flow down from *Schedule B* of the Cost Report.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**MID EAST OHIO REGIONAL COUNCIL (MEORC)**

**KNOX 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 14, 2016**