



Dave Yost • Auditor of State

**WEST CENTRAL OHIO NETWORK
SHELBY COUNTY**

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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, 8th 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 West Central Ohio Network (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*¹ 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 found no differences exceeding \$250 on any worksheet.

2. We compared total COG non-payroll disbursements on the trial balance 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 on any worksheet.

¹ The COG recorded receipts and disbursements on behalf of the county boards of developmental disabilities (County Boards). The 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.

Trial Balance and Non-Payroll Expenditures (Continued)

3. We scanned the COG's General Ledger - Account Activity reports and judgmentally selected 40 non-payroll disbursements from the service contracts, other expenses and COG expenses 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 differences in Appendix A for misclassified and non-federal reimbursable costs and omitted statistics. In addition, we noted that the COG did not report the correct *Schedule B* allocated numbers on each *County Summary Workbook* and also did not report the correct total for each *County Summary Workbook* on *Schedule A* of the Cost Report. We adjusted the Cost Report for these issues which impacted *County Summary Workbooks* as a function of the Cost Reports.

4. We scanned the COG's General Ledger - Account Activity reports for items purchased during 2014 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.

Payroll Testing

1. We compared the COG's payroll disbursements on the Trial Balance 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 found differences exceeding two percent as reported in Appendix A.

2. We scanned the COG's payroll journal 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 Depreciation Schedule to report any variances exceeding \$250.

We found differences as reported in Appendix A.

Property, Depreciation, and Asset Verification Testing (Continued)

2. We compared the COG's final 2013 Depreciation Schedule and prior year depreciation adjustments to the COG's 2014 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 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.

We found difference for one asset compared to prior year's final depreciation schedule. We reported this difference in Appendix A.

3. We haphazardly selected one fixed asset which met the COG's capitalization policy and was being depreciated in its first year in 2014 and determined if its useful life agreed to the estimated useful life prescribed in the 2013 AHA Asset Guides. We recomputed the first year's depreciation for the asset, based on its cost, acquisition date and useful life and determined compliance with the Cost Report Guides and AHA Asset Guide.

We found no differences.

4. DODD asked us to 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 also asked that we recalculate depreciation and any gain or loss applicable to 2013 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 because the COG did not have a disposed asset list. 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 RMTS Coordinator of any variances exceeding one percent. We compared salaries and benefits entered on the MAC RMTS reports to the COG's Yearly Summary payroll report.

We found no differences 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 County Board from the DODD RMTS Participant Moments Question and Answer report for the 4th quarter of 2014 in which they documented their time spent on administering Medicaid-funded programs. We determined if supporting documentation of the COG employees' activity for each of the 11 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.

West Central Ohio Network
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 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

December 18, 2015

Appendix A
West Central Ohio Network
2014 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
West Central Ohio Network Council of Government				
Worksheet 1				
3. Buildings/Improve	\$ 3,634	\$ 448	\$ 4,082	To match prior depreciation schedule
4. Fixtures	\$ 448	\$ (448)	\$ -	To match prior depreciation schedule
6. Leases and Rental	\$ 2,789	\$ (2,789)	\$ -	To reclassify copier lease payments
Worksheet 2				
1. Salaries	\$ -	\$ 65,980	\$ 65,980	To match trial balance/payroll allocation
4. Other Expenses	\$ 78,419	\$ (15,380)	\$ 63,039	To reclassify unallowable fees
	\$ -	\$ (1,922)	\$ -	To reclassify staff non-federal reimbursable items
	\$ -	\$ 2,789	\$ 2,789	To reclassify copier lease payments
Worksheet 4				
4. Other Expenses (B) Non-Federal Reimbursable	\$ -	\$ 15,380	\$ 15,380	To reclassify unallowable fees
	\$ -	\$ 1,922	\$ 1,922	To reclassify staff non-federal reimbursable items
Auglaize County Board				
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	* \$ 297	\$ 51,027	\$ 51,324	To reclassify administrative fees directly entered in total
10. Indirect Costs (Z) Total	* \$ 75,283	\$ (15,717)	\$ 59,566	To remove transfers
Worksheet 5				
15. Direct Services (B) Pre-School	\$ 19,866	\$ 26	\$ 19,892	To allocate PAWS payroll
15. Direct Services (C) School Age	\$ -	\$ 442	\$ 442	To allocate PAWS payroll
15. Direct Services (M) Family Support Services	\$ 13,621	\$ (1,689)	\$ 11,932	To reclassify PAWS payroll
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ -	\$ 858	\$ 858	To allocate PAWS payroll
27. Direct Services (G) Community Employment	\$ -	\$ 351	\$ 351	To allocate PAWS payroll
Darke County Board				
Worksheet 5				
15. Direct Services (C) School Age	\$ -	\$ 429	\$ 429	To allocate PAWS payroll
15. Direct Services (L) Community Residential	\$ 21,462	\$ (1,574)	\$ 19,888	To reclassify PAWS payroll
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ -	\$ 910	\$ 910	To allocate PAWS payroll
27. Direct Services (G) Community Employment	\$ -	\$ 234	\$ 234	To allocate PAWS payroll
Hardin County Board				
Worksheet 2				
10. Indirect Costs (Z) Total	* \$ 17,349	\$ (14,333)	\$ 3,016	To remove transfers
Worksheet 5				
15. Direct Services (B) Pre-School	\$ 7,946	\$ 65	\$ 8,011	To allocate PAWS payroll
15. Direct Services (C) School Age	\$ -	\$ 182	\$ 182	To allocate PAWS payroll
15. Direct Services (L) Community Residential	\$ 12,254	\$ (876)	\$ 11,378	To reclassify PAWS payroll
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ -	\$ 468	\$ 468	To allocate PAWS payroll
27. Direct Services (F) Enclave	\$ -	\$ 78	\$ 78	To allocate PAWS payroll
27. Direct Services (G) Community Employment	\$ -	\$ 104	\$ 104	To allocate PAWS payroll
Logan County Board				
Worksheet 2				
10. Indirect Costs (Z) Total	* \$ 22,329	\$ (16,930)	\$ 5,399	To remove transfers
Worksheet 5				
15. Direct Services (B) Pre-School	\$ -	\$ 13	\$ 13	To allocate PAWS payroll
15. Direct Services (C) School Age	\$ -	\$ 117	\$ 117	To allocate PAWS payroll
15. Direct Services (L) Community Residential	\$ 24,098	\$ (1,333)	\$ 22,765	To reclassify PAWS payroll
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ -	\$ 572	\$ 572	To allocate PAWS payroll
27. Direct Services (G) Community Employment	\$ -	\$ 624	\$ 624	To allocate PAWS payroll
Mercer County Board				
Worksheet 5				
15. Direct Services (C) School Age	\$ -	\$ 156	\$ 156	To allocate PAWS payroll
15. Direct Services (L) Community Residential	\$ 4,156	\$ (1,447)	\$ 2,709	To reclassify PAWS payroll
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ -	\$ 702	\$ 702	To allocate PAWS payroll
27. Direct Services (G) Community Employment	\$ -	\$ 611	\$ 611	To allocate PAWS payroll
Miami County Board				
Worksheet 2				
10. Indirect Costs (Z) Total	* \$ 62,461	\$ (28,207)	\$ 34,254	To remove transfers
Worksheet 5				
15. Direct Services (C) School Age	\$ -	\$ 1,599	\$ 1,599	To allocate PAWS payroll
15. Direct Services (L) Community Residential	\$ 293,400	\$ (26,325)	\$ 267,075	To remove developmental center costs
	\$ -	\$ (5,473)	\$ -	To reclassify PAWS payroll
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ -	\$ 1,872	\$ 1,872	To allocate PAWS payroll
27. Direct Services (G) Community Employment	\$ -	\$ 1,976	\$ 1,976	To allocate PAWS payroll
Preble County Board				
Worksheet 2				
10. Indirect Costs (Z) Total	* \$ 35,273	\$ (12,750)	\$ 22,523	To remove transfers
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 123,188	\$ (1,400)	\$ 121,788	To reclassify family support costs
15. Direct Services (M) Family Support Services	\$ 18,739	\$ 1,400	\$ 20,139	To reclassify family support costs
Worksheet 9				
26. Service & Support Adm. (N) Service & Support Admin	\$ 12,021	\$ (12,021)	\$ -	To match trial balance/payroll allocation
Shelby County Board				
Worksheet 2				
10. Indirect Costs (Z) Total	* \$ 27,619	\$ (10,365)	\$ 17,254	To remove transfers

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Union County Board				
Worksheet 2				
10. Indirect Costs (Z) Total	* \$ 56,809	\$ (17,186)	\$ 39,623	To remove transfers
Worksheet 5				
15. Direct Services (B) Pre-School	\$ -	\$ 39	\$ 39	To allocate PAWS payroll
15. Direct Services (C) School Age	\$ -	\$ 988	\$ 988	To reclassify PAWS payroll
15. Direct Services (L) Community Residential	\$ 300,939	\$ (48,689)	\$ 252,250	To reclassify adult day costs
		\$ (15,901)	\$ 236,349	To reclassify transportation costs
		\$ (37,730)	\$ 198,619	To reclassify adult day costs
		\$ (28,386)	\$ 170,233	To reclassify transportation costs
		\$ (29,980)	\$ 140,253	To reclassify adult day costs
		\$ (11,062)	\$ 129,191	To reclassify transportation costs
		\$ (2,831)	\$ 126,360	To reclassify PAWS payroll
Worksheet 8				
25. Transportation (E) Facility Based Services	\$ -	\$ 15,901	\$ 15,901	To reclassify transportation costs
		\$ 28,386	\$ 44,287	To reclassify transportation costs
		\$ 11,062	\$ 55,349	To reclassify transportation costs
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ -	\$ 48,689	\$ 48,689	To reclassify adult day costs
		\$ 37,730	\$ 86,419	To reclassify adult day costs
		\$ 29,980	\$ 116,399	To reclassify adult day costs
		\$ 676	\$ 117,075	To allocate PAWS payroll
27. Direct Services (F) Enclave	\$ -	\$ 676	\$ 676	To allocate PAWS payroll
27. Direct Services (G) Community Employment	\$ -	\$ 455	\$ 455	To allocate PAWS payroll

* 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 COG Cost Report.



Dave Yost • Auditor of State

WEST CENTRAL OHIO NETWORK

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 12, 2016**