



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, which were agreed to by the Ohio Department of Medicaid (ODM), on the Aging Administered Waiver Annual Cost Report (Cost Report) for the Area Agency on Aging Region 9, Inc., a Passport Administrative Agency (hereafter referred to as the PAA) for the period July 1, 2013 through June 30, 2014 (fiscal year (FY) 2014). The PAA's management is responsible for preparing this report. The sufficiency of these procedures is solely the responsibility of ODM. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Unless otherwise identified in the procedure, this report only describes exceptions exceeding \$500.

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 Trial Balance – Combined Totals and Detailed General Ledger reports. We found no variances.
2. We compared the PAA's Monthly State of Client Liability and Account Receivable Aging Summary reports to the PAA's Trial Balance – Combined Totals and Detailed General Ledger reports and *Final Page A* and determined if the costs were properly posted. We found no variances.

Square Footage

1. We obtained the PAA's monthly square footage allocation reports and compared with the square footage used for the cost allocation in the Cost Report. We found no variances.

Trial Balance and Non-Payroll Expenses

1. We compared the disbursements on the PAA's Trial Balance – Combined Totals and Detailed General Ledger reports to the *Worksheet 1, Total Allowable Expenses by Line Item* for each waiver. We found no variances.

In addition, we compared the PAA's total PASSPORT Information Management System (PIMS) costs to total Worksheet 2 costs and determined if the variances were greater than one half percent of total PIMS costs. We found variances below one half percent of total PIMS costs and determined the Cost Report did not contain an explanation for the variance.

2. We scanned the PAA's Detailed General Ledger report and selected 60 disbursements from all cost pools. We determined if supporting documentation was maintained, the costs were allowable, properly allocated and classified to correct cost center in accordance with the Three Party Agreement, Cost Report Instructions and 2 CFR part 225. We found no variances.

Trial Balance and Non-Payroll Expenses (Continued)

3. We found the PAA used an allocation methodology consistent with the Cost Report Instructions and we verified that the PAA applied the correct allocation to each cost center consistent with its Medicaid Home and Community-Based Waivers Activity Report. We found no variances.

Payroll

1. We compared total salaries and benefits on *Worksheet 1* for each waiver to the PAA's Detailed General Ledger and Trial Balance – Combined totals reports to identify variances greater than two percent of each waiver's individual cost categories. We found no variances.
2. We selected 20 employees and obtained the detailed time sheets for one month for each employee. We verified that each employee's time sheet rolled up to the individual cost centers on the monthly time study used for allocating costs. We found no variances.

Property

1. We compared the PAA's capital costs reported on *Worksheet 1* to the Detailed General Ledger and Trial Balance – Combined totals reports. We found no variances.
2. We compared the PAA's FY 2014 Depreciation Schedule to its prior 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. We reported variances in Appendix A (see Finding Number 1).
3. We determined the PAA's capitalization threshold and 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 determined if the useful lives agreed to the 2013 American Hospital Association (AHA) Asset Guide. We also recomputed the first year's depreciation for the one asset tested, based on the cost, acquisition date and useful life and determined compliance with the Cost Report Instructions and AHA Asset Guide. We found no variances.
4. We selected the lesser of 10 percent or 10 disposed assets from 2013 from the PAA's deletion report and determined if the asset was removed from the PAA's Depreciation Schedule. We also recalculated depreciation and any gain or loss for the one disposed item tested, based on the undepreciated basis and any proceeds received from the sale of the asset to determine compliance with the Cost Report Instructions and CMS Publication 15-1, Chapter 1. We found no variances resulting in decreased costs.
5. We scanned the Detailed General Ledger and Trial Balance – Combined totals reports for items purchased during FY 2014 that met the PAA's capitalization criteria and the procurement requirements and traced them to the PAA's Depreciation Schedule. We scanned the repair and maintenance accounts to determine if these disbursements are properly reported in regards to capitalization and expenditure classification. We found no variances.

Contract Monitoring

1. We determined the PAA had written procedures for performing provider oversight processes during the Cost Report period. We selected five providers for both pre-certification and annual structural compliance reviews and one provider with an event based review to determine if the PAA maintained supporting documentation showing it performed provider oversight processes during the Cost Report period in accordance with Section II (A)(3)(b)(i)-(ii) in its Three party agreement with ODM and ODA. We found no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Cost Report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

This report is intended solely for the information and use of the PAA and ODM, and is not intended to be, and should not be used by anyone other than the specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

November 1, 2017

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SUMMARY OF COST AND EXPENSE ADJUSTMENTS (Corrections)

PROGRAM PASSPORT

COST REPORT									
Finding Number	Worksheet	Line	Account	Cost Center	Type of Finding	Specific Compliance Citation	Reported Costs	Audit Adjustments	Audited Cost
1	1	11	Capital Cost	General Administrative	Depreciation expense below capitalization threshold which is not allocable as expense to current year	CMS Publication 15-1, Chapter 1, Depreciation	\$63,706.00	(\$3,916.00)	\$59,790.00
1	1	11	Capital Cost	Screening	Depreciation expense below capitalization threshold which is not allocable as expense to current year	CMS Publication 15-1, Chapter 1, Depreciation	\$14,024.00	(\$536.00)	\$13,488.00
1	1	11	Capital Cost	Evaluation and Assessment	Depreciation expense below capitalization threshold which is not allocable as expense to current year	CMS Publication 15-1, Chapter 1, Depreciation	\$28,209.00	(\$1,092.00)	\$27,117.00
1	1	11	Capital Cost	Administrative Case Management	Depreciation expense below capitalization threshold which is not allocable as expense to current year	CMS Publication 15-1, Chapter 1, Depreciation	\$147,912.00	(\$4,204.00)	\$143,708.00

Total Effect on Cost Report

(\$9,748.00)

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AREA AGENCY ON AGING REGION 9

GUERNSEY 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
NOVEMBER 28, 2017**