



**APPALACHIAN BEHAVIORAL HEALTHCARE  
COUNTRY GARDEN MANOR  
COMMUNITY SUPPORT NETWORK**

**AGREED UPON PROCEDURES**

**FOR THE COST REPORTING PERIOD  
JULY 1, 2007 THROUGH JUNE 30, 2008  
AND  
JULY 1, 2008 THROUGH JUNE 30, 2009**



**Dave Yost • Auditor of State**



**APPALACHIAN BEHAVIORAL HEALTHCARE  
COUNTRY GARDEN MANOR COMMUNITY SUPPORT NETWORK**

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# Dave Yost • Auditor of State

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

Mr. Dalon K. Myricks  
Assistant Deputy Director for Operations  
Ohio Department of Mental Health  
30 East Broad Street, 11th Floor  
Columbus, Ohio 43215-3430

As required by Ohio Admin. Code Section 5122-26-19 the Auditor of State's Office (AOS) performed the procedures enumerated below, codified in Ohio Admin. Code Section 5122-26-19.1, Appendix A, Part G to which the Ohio Department of Mental Health (ODMH) also agreed. These procedures are designed to assist you in evaluating whether Appalachian Behavioral Healthcare: Country Garden Manor Community Support Network (hereafter referred to as Country Garden Manor) prepared its Actual Uniform Cost Report (AUCR) for the periods July 1, 2007 through June 30, 2008 and July 1, 2008 through June 30, 2009, in accordance with the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19 and to assist you in evaluating whether expenditure transactions complied with 2 CFR Part 225 (OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*), and other compliance requirements described in the procedures below. Country Garden Manor'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 ODMH. 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.

Throughout this report we identified and documented any variance greater than plus or minus two percent as material and obtained management's explanation of the variance(s) for inclusion in this agreed-upon procedures report. Our procedures and findings are as follows:

### **I. Mathematical Accuracy Testing**

1.) We compared total disbursements on the FIN103 Expenditures by Department ID and Account report to total disbursements reported on all four Appalachian Behavioral Healthcare CSN AUCRs (Washington CMHS, Liberty Manor, Muskingum SMHS, and Country Garden Manor) during State Fiscal Years (SFY) ending June 30, 2008 and June 30, 2009.

Ohio Admin. Code Section 5122-26-19(B) requires each CSN to prepare its AUCR in accordance with accounting principles generally accepted in the United States of America. However, the AUCRs reviewed for Country Garden Manor were prepared on a cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The AUCR omits accrued expenses that, while we presume to be material, the effect upon our testing of the procedures could not be determined.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2a.) We compared the sum of the totals reported on the AUCR for personnel and non-personnel costs with the amount reported on the AUCR for the total costs of each service.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2b.) We compared the sum of the reported service total costs and allocation of administrative overhead from the AUCR with the value reported on the AUCR for total costs of each service.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2c.) We compared the result of total costs divided by the number of units from the AUCR with the cost per unit reported on the AUCR for each service.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2d.) We compared the difference of the value reported for total costs less unallowable costs from the AUCR with the value reported for total allowable costs on the AUCR for each service.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2e.) We compared the result of reported allowable costs divided by the number of units served from the AUCR with the allowable cost per unit reported on the AUCR for each service.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2f.) We compared the sum of the amount reported in each column, from the number of full-time equivalents (FTEs) assigned to the total allowable costs from the AUCR, with the total mental health services reported on the AUCR under each corresponding column.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2g.) We compared the sum of the values reported under total mental health services, the values reported in the total agency service total and administrative overhead from the AUCR with the agency total costs reported on the AUCR under each corresponding column.

We found no differences for SFY 2008 and 2009 exceeding two percent.

## **II. Personnel Costs**

1.) We compared total salaries, wages, and fringe benefits on the Ohio Administrative Knowledge System (OAKS) Recap by Staff by Cost Center report to total personnel costs reported on the four Appalachian Behavioral Healthcare CSN AUCRs during SFY 2008 and 2009 (Washington CMHS, Liberty Manor, Muskingum SMHS, and Country Garden Manor).

We found no differences for SFY 2008 and 2009 exceeding two percent.

2.) We reconciled total salaries and fringe benefit costs of each employee reported on *Schedule A-2, Personnel Services Costs Worksheet* to the OAKS Recap by Staff by Cost Center report for SFY 2008 and 2009.

We found no differences for SFY 2008 exceeding two percent. We found \$19,265 in employee salaries were not allocated to Country Garden's SFY 2009 AUCR. We reported these variances in Appendix B (2009).

3.) From the personnel costs reported on the AUCRs, we selected the yearly personnel costs for 11 employees for SFY 2008 and 14 employees for SFY 2009, respectively. We performed the following procedures on these samples by inspecting the supporting documentation (e.g., Recap by Cost Center Report, job descriptions, etc.).

3a.) We determined if supporting documentation for personnel costs was maintained as required by 2

CFR 225 (OMB Circular A-87, Appendix A, (C) (1)(J)) and properly classified as allowable or unallowable as defined in sections (1) and (2) of paragraph (H) of Ohio Admin. Code Section 5122-26-19.

We found no differences for SFY 2008 and 2009.

3b.) For any unallowable personnel disbursements we reviewed the AUCR to determine if they were included in unallowable costs.

We found no unallowable personnel disbursements for SFY 2008 and 2009.

3c.) For any unallowable personnel disbursements we determined if they were allocated on the Budgeted Uniform Cost Report (BUCR) using the same cost methodology as they were allocated on the AUCR (e.g., number of FTEs).

We found no unallowable personnel disbursements for SFY 2008 and 2009.

3d.) We reviewed supporting documentation to determine if personnel costs were properly allocated as direct service or support service costs and to the appropriate service(s) (e.g., pharmacological management) in accordance with the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

We found no differences for SFY 2008 and 2009.

### **III. Non-Personnel Costs**

1.) From the non-personnel costs reported on the AUCR, we haphazardly (as defined in the American Institute of Certified Public Accountants audit sampling guide) selected seven and 12 non-personnel disbursements in SFY 2008 and 2009, respectively. We performed the following procedures on each selected disbursement:

1a.) We determined if each disbursement was properly classified as allowable or unallowable as defined in sections (1) and (2) of paragraph (H) of Ohio Admin. Code Section 5122-26-19 and 2 CFR Part 225, Appendix A, (C)(1)(j) and Appendix B.

We found one disbursement in SFY 2008, totaling \$210, was not adequately documented as required by 2 CFR Part 225, Appendix A, Section (C)(1)(j).

We found three disbursements in SFY 2009, totaling \$756, were not adequately documented as required by 2 CFR Part 225, Appendix A, Section (C)(1)(j).

The unallowable non-personnel disbursements identified for SFY 2008 and 2009 were not properly classified as unallowable costs on the AUCR. We reported these variances in Appendix A (2008) and Appendix B (2009).

1b.) We determined if the allocation method(s) used for the tested non-personnel disbursements complied with the procedures outlined in the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

We found no differences for SFY 2008 and 2009.

1c.) For any unallowable non-personnel disbursements we determined if they were allocated on the Budgeted Uniform Cost Report (BUCR) using the same cost methodology as they were allocated on the AUCR (e.g., number of FTEs).

*Schedule A-3 Non-Personnel Costs* was unavailable for the SFY 2008 and 2009 BUCRs and was not examined.

#### **IV. Administrative Overhead Costs**

1.) From the administrative overhead costs reported on the AUCR, we haphazardly (as defined in the American Institute of Certified Public Accountants audit sampling guide) selected 20 and 35 non-personnel disbursements for SFY 2008 and SFY 2009, respectively.

We performed the following procedures on each selected disbursement:

1a.) We determined if each disbursement was properly classified as allowable or unallowable as defined in sections (1) and (2) of paragraph (H) of Ohio Admin. Code Section 5122-26-19 and 2 CFR Part 225, Appendix A, (C)(1)(j) and Appendix B.

##### 2008 Results:

Eight disbursements in the amount of \$4,975 were not adequately documented as required by 2 CFR Part 225, Appendix A, Section (C)(1)(j) in SFY 2008.

We calculated the portion of these unallowable administrative overhead disbursements allocated to Country Garden Manor as \$70 in SFY 2008. The unallowable administrative overhead disbursements identified for SFY 2008 were not properly classified as unallowable costs on the AUCR; therefore, we reported these variances in Appendix A (2008).

##### 2009 Results:

Eight disbursements in the amount of \$8,510 were not adequately documented as required by 2 CFR Part 225, Appendix A, Section (C)(1)(j) in SFY 2009.

We calculated the portion of these unallowable administrative overhead disbursements allocated to Country Garden Manor as \$86 in SFY 2009. The unallowable administrative overhead disbursements identified for SFY 2009 were not properly classified as unallowable costs on the AUCR; therefore, we reported these variances in Appendix B (2009).

1b.) We determined if the allocation method(s) used for the tested administrative overhead disbursements were allocated using only one of the allowable methods described in the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

We found that on the *Administrative Overhead Format worksheet* Country Garden Manor allocated budgeted hospital administrative overhead costs of Appalachian Behavioral Healthcare in lieu of actual hospital administrative overhead costs. We also found that Country Garden Manor used a percent of budget method to calculate seven of the 14 administrative cost centers in SFY 2008 and seven of the 16 administrative cost centers in SFY 2009 on the *Administrative Overhead Format worksheet*.

These allocation methods were not in compliance with the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19(E) which states in pertinent part, "At this point, decide which allocation base will be used for the distribution of all administrative overhead costs across all services being expensed. The only acceptable allocation bases are: Service Total Costs, (column 6 of the UCR); Direct Service Personnel Costs, (column 4a of the UCR); Total Personnel Costs, (columns 4a plus 4b of the UCR); Total Direct Service FTEs (column 3a of the UCR); Total Direct and Support FTEs (columns 3a plus 3b of the UCR)." See Part III.E.3.

We recalculated administrative overhead costs using actual costs reported on the FIN103 Expenditures by Department ID and Account report to total disbursements report and allocated these costs to Country

Garden Manor for SFY 2008 and SFY 2009 based on their percentage of Direct and Support FTEs. We calculated the portion of these unallowable administrative overhead disbursements allocated to Country Garden Manor as \$116,698 in SFY 2008. These costs were not properly classified as unallowable costs on the AUCR; therefore, we reported these variances in Appendix A (2008). We found administrative overhead costs of \$30,868 were underreported in SFY 2009. We reported these variances in Appendix B (2009).

1c.) For any unallowable administrative overhead costs we determined if they were allocated on the BUCR using the same cost methodology as they were allocated on the AUCR (e.g., number of FTEs).

*Schedule A-4 Administrative Overhead Costs* was unavailable for the SFY 2008 and 2009 BUCRs and was not examined.

## **V. Units of Service**

1.) We compared the number of units on the AUCR with the Country Garden Manor CSN units of service cross tab report to determine if units were reported in compliance with the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

We found no differences for SFY 2008 and 2009 exceeding two percent.

2.) From and by each service with costs reported on the AUCR, we haphazardly (as defined in the American Institute of Certified Public Accountants audit sampling guide) selected 41 and 40 units of service for SFY 2008 and SFY 2009, respectively. We performed the following procedures on the selected units:

2a.) We determined if supporting documentation for the units of service was maintained as required by the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19 and met the service documentation requirements of Ohio Admin. Code Section 5101:3-27-02 and units of service conventions in Ohio Admin. Code Section 5101:3-27-05.

- Date of service;
- Duration of the service contact;
- Unit of service convention (e.g., one hour of mental health assessment is one unit).

We did not identify any differences for SFY 2008 and 2009.

## **VI. BUCR to AUCR Comparison**

1.) We compared each cost category on the BUCR against the AUCR and determined if the same cost methodology was used (e.g., number of FTEs).

We did not identify any differences for SFY 2008 and 2009 on *Schedule A-1, Uniform Cost Report, Schedule A-2, Personnel Service Costs, Schedule A-3 Non Personnel Service Costs, and Schedule A-4 Administrative Overhead Costs* were unavailable for the SFY 2008 and 2009 BUCR and was not examined.

On September 29, 2011, we held an exit conference with the Country Garden Manor. The Country Garden Manor's response is included in Appendix A and B. We did not audit the response and, accordingly, we express no opinion on it.

This report is intended solely for the use of the managements of the ODMH and the Country Garden Manor and is not intended to be, and should not be used by anyone other than these specified parties.

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

September 29, 2011

Appendix A  
Country Garden Manor Community Support Network  
For the AUCR Reporting Period from 7/01/2007 to 6/30/2008

2008 Worksheet/ Schedule	Reported Original Amount on AUCR	Adjustment (s) Required	Final Adjusted Amount	Explanation of Adjustment	CSN's Explanation of Error
<b>Country Garden Manor CSN AUCR</b>					
Schedule A-1					
<b>Community Psychiatric Supportive Treatment (Ind.) (Ind. CSP)</b>					
Column 10-Un-Allowable Costs	\$ -	\$ 18,632		To correct admin costs for unallowable methodology using budgeted vs. actual costs.	We continued to use the allocation method used by the previous cost report preparer.
		\$ 36		To reclassify unallowable/unsupported non personnel costs	CSN cannot locate support.
		\$ 12	\$ 18,680	To reclassify unsupported admin costs	CSN cannot locate support.
<b>Community Psychiatric Supportive Treatment (Gp.) (Gp. CSP)</b>					
Column 10-Un-Allowable Costs	\$ -	\$ 395		To correct admin costs for unallowable methodology using budgeted vs. actual costs.	We continued to use the allocation method used by the previous cost report preparer.
		\$ 1		To reclassify unallowable/unsupported non personnel costs	CSN cannot locate support.
		\$ 1	\$ 397	To reclassify unsupported admin costs	CSN cannot locate support.
<b>Other MH Svc., non-healthcare services (Other MH Serv.)</b>					
Column 10-Un-Allowable Costs	\$ -	\$ 2,061		To correct admin costs for unallowable methodology using budgeted vs. actual costs.	We continued to use the allocation method used by the previous cost report preparer.
		\$ 4		To reclassify unallowable/unsupported non personnel costs	CSN cannot locate support.
		\$ 1	\$ 2,066	To reclassify unsupported admin costs	CSN cannot locate support.
<b>Residential Care</b>					
Column 10-Un-Allowable Costs	\$ -	\$ 95,609		To correct admin costs for unallowable methodology using budgeted vs. actual costs.	We continued to use the allocation method used by the previous cost report preparer.
		\$ 169		To reclassify unallowable/unsupported non personnel costs	CSN cannot locate support.
		\$ 56	\$ 95,834	To reclassify unsupported admin costs	CSN cannot locate support.

**Appendix B**  
**Country Garden Manor Community Support Network**  
**For the AUCR Reporting Period from 7/01/2008 to 6/30/2009**

2009 Worksheet/ Schedule	Reported Original Amount on AUCR	Adjustment (s) Required	Final Adjusted Amount	Explanation of Adjustment	CSN's Explanation of Error
<b>Country Garden Manor CSN AUCR</b>					
<b>Schedule A-1</b>					
<b>Community Psychiatric Supportive Treatment (Ind.) (Ind. CSP)</b>					
Column 7-Allocation of Admin. Overhead	\$ 18,456	\$ 4,571	\$ 23,027	To correct admin costs for unallowable methodology using budgeted vs. actual costs.	We continued to use the allocation method used by the previous cost report preparer.
Column 10-Un-Allowable Costs	\$ -	\$ 131		To reclassify unallowable/unsupported non personnel costs	CSN cannot locate support.
		\$ 15	\$ 146	To reclassify unsupported admin costs	CSN cannot locate support.
<b>Community Psychiatric Supportive Treatment (Gp.) (Gp. CSP)</b>					
Column 7-Allocation of Admin. Overhead	\$ 446	\$ 139	\$ 585	To correct admin costs for unallowable methodology using budgeted vs. actual costs.	We continued to use the allocation method used by the previous cost report preparer.
Column 10-Un-Allowable Costs	\$ -	\$ 3		To reclassify unallowable/unsupported non personnel costs	CSN cannot locate support.
		\$ 1	\$ 4	To reclassify unsupported admin costs	CSN cannot locate support.
<b>Residential Care</b>					
Column 4-Personnel Costs (A) Direct Service	\$ 578,427	\$ 19,265	\$ 597,692	To correct Country Garden salary.	Did note code part of salary on AUCR.
Column 7-Allocation of Admin. Overhead	\$ 82,633	\$ 26,158	\$ 108,791	To correct admin costs for unallowable methodology using budgeted vs. actual costs.	We continued to use the allocation method used by the previous cost report preparer.
Column 10-Un-Allowable Costs	\$ -	\$ 621		To reclassify unallowable/unsupported non personnel costs	CSN cannot locate support.
		\$ 71	\$ 692	To reclassify unsupported admin costs	CSN cannot locate support.



# Dave Yost • Auditor of State

**APPALACHIAN BEHAVIORAL HEALTHCARE: COUNTY GARDEN MONOR COMMUNITY SUPPORT  
NETWORK**

**MUSKINGUM 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  
OCTOBER 18, 2011**