



Mary Taylor, CPA
Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ohio Rehabilitation Services Commission
400 E. Campus View Blvd.
Columbus, Ohio 43235

Ohio Statewide Independent Living Council
670 Morrison Road, Suite 200
Gahanna, Ohio 43230

We have performed the procedures enumerated below, to which the Ohio Rehabilitation Services Commission (RSC or the Commission) and the Ohio Statewide Independent Living Council (SILC or Council) have agreed, solely to assist the Commission's monitoring of the funding passed through to SILC by the Commission and evaluating compliance with OMB Circular A-122 for the Independent Living State Grants program, CFDA #84.169, for the period October 1, 2007 through September 30, 2009. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements and compliance attestation. The sufficiency of the procedures is solely the responsibility of the Commission and the SILC. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose of which this report has been requested or for any other purpose.

Receipts

1. We obtained a listing of all funding (non-match GRF, match-GRF, and Part B) passed-through to SILC from RSC for the period and traced each receipt to SILC's bank statements. We also compared the total amount SILC received from RSC for federal fiscal years 2008 and 2009 to the authorized amount per the state's appropriations for non-match GRF, the grant agreements between SILC and RSC for Part B, and other documentation for match-GRF. No exceptions were noted.
2. We obtained the Council's monthly meeting minutes for the period, scanned the minutes to identify all instances where the Council approved the bank reconciliation, and documented the date of the approval. We then obtained the related bank reconciliations and attempted to document the date each reconciliation was prepared; however, the reconciliations were not dated and included as part of each month's financial statement package. The reconciliations identified and corresponding dates are listed below.

<i>Date of SILC Board Meeting and Approval</i>	<i>Month End of Reconciliations</i>
11/15/2007	October 31, 2007
1/16/2008	November 30, 2007 and December 31, 2007
3/20/2008	January 31, 2008 and February 29, 2008
5/22/2008	March 31, 2008 and April 30, 2008
7/17/2008	May 31, 2008 and June 30, 2008
9/25/2008	July 31, 2008 and August 31, 2008
11/20/2008	September 30, 2008 and October 31, 2008
3/26/2009	November 30, 2008 through February 28, 2009 **
5/14/2009	March 31, 2009 and April 30, 2009
7/16/2009	May 31, 2009 and June 30, 2009
10/1/2009	July 31, 2008 and August 31, 2009

**Due to weather conditions, the meeting scheduled for 1/28/2009 was canceled; information from that meeting was approved in 3/26/2009 meeting

Receipts (Continued)

3. We compared the individual amounts SILC received from RSC for the period to the amounts recorded in SILC's request letters. No exceptions were noted.
4. We identified the ending monthly cash balances reported in SILC's QuickBooks financial statements for each month in the period for non-match GRF, match-GRF and Part B funding. We calculated the amount of disbursements made for non-match GRF, match-GRF, and Part B funding between the end of the month and the first deposit from RSC for that funding source. We compared the total calculated to the ending balance for the funding source and reported the difference. The results are as follows:

Non-Match GRF

<i>Month Ending</i>	<i>Month Ending Cash Balance (a)</i>	<i>First Deposit from RSC (#)</i>	<i>Date of First Deposit from RSC</i>	<i>Disbursements from Month End Through First Deposit from RSC (b)</i>	<i>Difference (a)+(b)</i>
9/30/2007	\$142,745.79			\$(24,925.68)	\$117,820.11
10/31/2007	\$117,820.11			\$(22,275.67)	\$95,544.44
11/30/2007	\$95,544.44			\$(15,940.85)	\$79,603.59
12/31/2007	\$80,864.85			\$(3,791.19)	\$77,073.66
1/31/2008	\$80,091.79			\$0.00	\$80,091.79
2/29/2008	\$80,091.79			\$0.00	\$80,091.79
3/31/2008	\$80,091.79			\$0.00	\$80,091.79
4/30/2008	\$80,101.09			\$(79,223.09)	\$878.00
5/31/2008	\$878.00			\$(1,890.15)	\$(1,012.15)
6/30/2008	\$0.00	\$381,013.00	7/28/2008	\$0.00	\$0.00
7/31/2008	\$381,013.00			\$(143,091.00)	\$237,922.00
8/31/2008	\$237,922.00			\$0.00	\$237,922.00
9/30/2008	\$237,922.00			\$(25,152.44)	\$212,769.56
10/31/2008	\$212,769.56			\$(19,694.53)	\$193,075.03
11/30/2008	\$193,075.03			\$(34,506.57)	\$158,568.46
12/31/2008	\$183,670.46			\$0.00	\$183,670.46
1/31/2009	\$183,670.46			\$0.00	\$183,670.46
2/28/2009	\$183,670.46			\$0.00	\$183,670.46
3/31/2009	\$183,670.46			\$(85,481.40)	\$98,189.06
4/30/2009	\$132,711.35			\$(119,022.79)	\$13,688.56
5/31/2009	\$13,688.56			\$(15,719.93)	\$(2,031.37)
6/30/2009	\$(2,031.37)			\$(5,425.80)	\$(7,457.17)
7/31/2009	\$(7,282.17)	\$179,106.00	8/28/2009	\$(5,433.38)	\$(12,715.55)
8/31/2009	\$166,390.45			\$(31,553.54)	\$134,836.91

One-time general fund appropriation deposit per fiscal year

Receipts (Continued)

Part B/Match GRF

<i>Month Ending</i>	<i>Month Ending Cash Balance (a)</i>	<i>First Deposit from RSC</i>	<i>Date of First Deposit from RSC</i>	<i>Disbursements from Month End Through First Deposit from RSC (b)</i>	<i>Difference (a)+(b)</i>
9/30/2007	\$0.00			\$0.00	\$0.00
10/31/2007	\$0.00			\$0.00	\$0.00
11/30/2007	\$0.00			\$(25,777.50)	\$(25,777.50)
12/31/2007	\$(25,777.50)			\$(39,719.68)	\$(65,497.18)
1/31/2008	\$(65,349.18)	\$65,547.52	2/22/2008	\$(11,271.36)	\$(76,620.54)
2/29/2008	\$9,606.86	\$40,247.63	3/13/2008	\$ (225.00)	\$9,381.86
3/31/2008	\$16,610.12	\$33,174.74	4/22/2008	\$(8,625.14)	\$7,984.98
4/30/2008	\$25,677.83	\$24,097.73	5/23/2008	\$0.00	\$25,677.83
5/31/2008	\$49,775.56			\$(24,265.38)	\$25,510.18
6/30/2008	\$17,404.63			\$(32,308.23)	\$(14,903.61)
7/31/2008	\$(14,803.61)			\$(54,560.13)	\$(69,364.74)
8/31/2008	\$(69,292.68)	\$23,672.27	9/25/2008	\$(22,950.51)	\$(92,243.19)
9/30/2008	\$(80,951.19)	\$43,816.03	10/9/2008	\$0.00	\$(80,951.19)
10/31/2008	\$(37,734.12)	\$41,733.70	11/7/2008	\$0.00	\$(37,734.12)
11/30/2008	\$24,581.01	\$19,188.20	12/24/2008	\$(12,582.04)	\$11,998.97
12/31/2008	\$21,205.64	\$1,938.55	1/30/2009	\$(29,499.76)	\$(8,294.12)
1/31/2009	\$(90.74)			\$(39,362.75)	\$(39,453.49)
2/28/2009	\$(27,392.54)	\$23,497.36	3/19/2009	\$(10,312.44)	\$(37,704.98)
3/31/2009	\$(34,267.06)			\$(31,413.61)	\$(65,680.67)
4/30/2009	\$(4,067.68)	\$3,906.40	5/21/2009	\$(9,436.66)	\$(13,504.34)
5/31/2009	\$(15,685.26)	\$14,735.49	6/8/2009	\$0.00	\$(15,685.26)
6/30/2009	\$(12,260.93)	\$30,000.00	7/14/2009	\$(3,516.75)	\$(15,777.68)
7/31/2009	\$(11,405.50)	\$30,000.00	8/21/2009	\$(10,838.45)	\$(22,243.95)
8/31/2009	\$(7,793.69)			\$(35,927.10)	\$(43,720.79)

Expenditures

1. We obtained a listing of disbursements for all funding (non-match GRF, match-GRF, and Part B) passed-through to SILC from RSC for the period. We haphazardly selected 60 individual disbursements (30 from FFY 08 and 30 from FFY 09) made to various vendors and/or the Centers for Independent Living (CILs) and determined if SILC documented on the invoice their approval of these expenditures. All but two of the selected invoices contained the previous Executive Director's initials or the Chairperson of the Council's initials on the invoice evidencing SILC's approval of the expense. The two invoices that did not contain evidence of approval are listed below:

<i>Funding Type</i>	<i>Check Number</i>	<i>Date</i>	<i>Vendor Name / Payee</i>	<i>Amount</i>
Part B	14252	1/9/2008	Scholz-Ey	\$ 150.00
Part B	14317	3/17/2008	Governor's Council	\$ 1,500.00

2. We compared the invoice amount for the 60 expenditures identified in step 1 above to the amount recorded in SILC's general ledger and to the corresponding debit in SILC's bank statement. We noted the invoice amounts for each individual disbursement agreed to the amounts recorded in SILC's general ledger and bank statements.

Expenditures (Continued)

3. We requested SILC management provide a listing of SILC employees and any vendors the employees have represented they are affiliated with. A listing was not provided since we were informed by SILC management that none of their employees were affiliated with or had any other connection with SILC's vendors. Therefore, we did not scan the disbursements listing obtained in step 1 above to identify any payments made to the affiliated vendors identified or to determine if the vendor relationship with SILC is appropriate based upon Ohio Revised Code §2921.42.
4. The scope of our procedures included documenting the process SILC utilized for selecting vendors/contractors for the purchase of goods and services. However, we were informed by SILC management that no new vendors/contractors have been selected since the departure of the former Executive Director on October 31, 2009 and the former Executive Director was solely responsible for the process of selecting the existing vendors/contractors. Current SILC management was not able to provide any information regarding this process. We determined SILC does not have a written policy for selecting vendors/contractors for goods and services. Therefore, for the items selected in step 1 above, we were unable to determine if SILC followed their process/procedures for selecting vendors.

Federal Compliance

1. We obtained a copy of the State Plan for Independent Living State Grants program prepared by SILC for federal fiscal years 2008 and 2009 which documents the policies and procedures for all financial matters, including the receipt of funds, request for funds, disbursement of funds, accounting of funds, etc., and determined the State Plan was approved by SILC and RSC.
2. We obtained a copy of the interagency (subrecipient) agreement between RSC and SILC for the Independent Living State Grants program for both federal fiscal years under review and determined the interagency agreement was approved by SILC and RSC.
3. Match-GRF and Part B Disbursements
 - A. We haphazardly selected 40 individual match-GRF and Part B disbursements made by SILC from the Independent Living State Grants program, CFDA #84.169, for FFY 2008 and 2009. We determined all but two of the selected payments were made in accordance with the following OMB Circular A-122 requirements, or if not, monies were returned to RSC.
 - 1) Be reasonable for the performance of the award and be allocable thereto under these principles.
 - 2) Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
 - 3) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
 - 4) Be accorded consistent treatment.
 - 5) Be determined in accordance with generally accepted accounting principles (GAAP).
 - 6) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
 - 7) Be adequately documented.
 - 8) Determine that monies were spent in the allowable time period required by the grant.

The two exceptions noted related to disbursements that were not adequately documented; both were paid with SILC's credit card. For one instance, a receipt could not be produced for FedEx, totaling \$87.06 or for Giant Eagle totaling \$31.25. The second instance did not have a receipt for FedEx, totaling \$103.91. The two credit card payments that contained these instances are as follows:

Check Number	Date	Vendor Name / Payee	Amount
14301	2/20/2008	CitiBusiness Card	\$ 11,256.46
14752	4/28/2009	CitiBusiness Card	\$ 4,212.40

- B. For the items selected in step 3A above, we determined if the expenditures were a permissible use of project funds as described in the grant award agreements between the RSC and SILC for CFDA Number 84.169. We noted all but two of the selected disbursements were for a permissible use of project funds as described in the grant award agreements between SILC and RSC for CFDA Number 84.169. The two instances which were not for a permissible use are as follows:

Check Number	Date	Vendor Name / Payee	Amount
14317	3/17/2008	Governor's Council	\$ 1,500.00

SILC issued a \$1,500 check to the Governor's Council Youth Leadership Forum; however, according to OMB Circular A-122, Attachment B, Section 12a, "contributions or donations, including cash, property and services, made by the organization, regardless of the recipient, are unallowable".

Check Number	Date	Vendor Name / Payee	Amount
14752	4/28/2009	CitiBusiness Card	\$ 4,212.40

SILC purchased \$58.80 of postage to be used for Ken Campbell's Memorial postcards that were determined to be an unallowable public relation cost. The related postage was also determined to be an unallowable public relation cost according to OMB Circular A-122, Attachment, Section 1d, which states that "allowable public relation costs only include costs specifically required by the Federal award, costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of Federal awards, and costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary keep the public informed on matters of public concern, such as notices of Federal contract/grant awards, financial matters, etc".

- C. We scanned the QuickBooks financial statements to identify all monies disbursed to the individual Centers for Independent Living (CILs) and prepared a list of the total amount paid to each CIL:

FFY 2008

CIL	Amount
Ability Center of Greater Toledo	\$1,706
Access Center for IL, Inc.	\$29,213
Center for IL Options	\$13,342
IL Center of NC Ohio	\$27,331
LEAP	\$55,978
MOBILE	\$26,064
Services for IL	\$3,000
Society for Equal Access	\$9,521
Tri-County IL Center	\$3,000

Total **\$169,155**

FFY 2009

CIL	Amount
Ability Center of Greater Toledo	\$1,706
Access Center for IL, Inc.	\$29,213
Center for IL Options	\$13,342
IL Center of NC Ohio	\$27,331
LEAP	\$55,978
MOBILE	\$0
Services for IL	\$3,000
Society for Equal Access	\$9,521
Tri-County IL Center	\$3,000

Total **\$143,091**

We documented the procedures SILC used to determine the amount awarded to each CIL, and to follow-up on noncompliance with agreement requirements. We determined these procedures are not formally documented or approved by the Council.

For each year under review (FFY 2008 and FFY 2009):

- 1) We determined that SILC received a signed agreement from each CIL.
- 2) We verified the total amount paid to each CIL did not exceed the amount per the signed agreement.
- 3) We determined if each CIL submitted an Annual Performance Report to SILC by December 31. We identified six Annual Performance Reports that were not submitted before December 31 and we were unable to determine the date five other reports were submitted to SILC.
- 4) We determined if the Annual Performance Report submitted by each CIL contained the four major categories required by the State Plan for Independent Living State Grants program. We determined one report did not contain information for any of the four major categories listed in the State Plan for Independent Living State Grants program.
- 5) We determined if SILC received the fill-in-the blank multiple choice form completed by the CILs demonstrating how they are implementing the State Plan for Independent Living State Grants program activities and the satisfaction level of consumers who may have received services directly related to State Plan activities outside of the four core services, as required by the State Plan for Independent Living State Grants program. We determined all of the Annual Performance Reports contained the multiple choice information demonstrating the State Plan for Independent Living State Grants program activities and satisfaction.
- 6) For items C.3, C.4, and C.5, we determined the procedures used by SILC are not formally documented or approved by the Council. SILC contends they have not formalized these procedures because they believe they do not have the direct authority to require the CILs to submit their respective Annual Performance Report to SILC by December 31 or to change any section if not properly filled out (i.e. one of the four core categories is missing or the multiple choice section was not filled out).

4. Part B Disbursements

For the items selected in step 3A above for "Match GRF and Part B Disbursements", we determined if the expenditures were made within the grant's period of availability (funding availability is one year, plus a second year for carryover). No exceptions were noted.

5. Non-match GRF Disbursements

We haphazardly selected 40 disbursements paid with non-match GRF funding (appropriation line item 415-402, Independent Living Council) that SILC received from RSC from the period under review and determined if the disbursements were made for the following purposes, as defined in House Bill 119:

This line item provides state funds to operate the Ohio Statewide Independent Living Council and state Centers for Independent Living. The purpose of the program is to provide services to maximize independence and productivity and to support full inclusion and integration of individuals with disabilities into the mainstream of society.

We noted all but three of the selected disbursements were for a permissible use of project funds. The three instances which were not for a permissible use are as follows:

Check Number	Date	Vendor Name	Purpose of Disbursement	Amount
14389	5/4/2008	National Coalition Disability Rights	Education Project	\$ 3,000.00

SILC made a donation of \$3,000 to the National Coalition for Disability Rights Education Project; however, according to Ohio Administrative Code 109-3-01, Attachment B, Section 12a, "contributions or donations, including cash, property and services, made by the organization, regardless of the recipient, are not allowable".

Check Number	Date	Vendor Name	Purpose of Disbursement	Amount
14811	6/9/2009	PXP Ohio	Memorial Invitation Postcards	\$ 373.63

SILC spent \$373.63 on postcards to be used for the Ken Campbell Memorial. The postcards were determined to be an unallowable public relation cost according to OAC 109-3-01, Attachment, Section 1d, which states that "allowable public relation costs only include costs specifically required by the Federal award, costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of Federal awards, and costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary keep the public informed on matters of public concern, such as notices of Federal contract/grant awards, financial matters, etc".

Check Number	Date	Vendor Name	Purpose of Disbursement	Amount
14829	6/17/2009	Alan Copeland	Member Reimbursement - Canine	\$ 116.75

SILC reimbursed Alan Copeland \$51.75 for required vaccines and disposal fee in order to board his dog while he attended a conference in Washington D.C. The amount spent on the vaccines and disposal fee are not a permissible use of funds for Appropriation Line Item 415-402, 'Independent Living Council'. The vaccines and fee are not providing a service to maximize independence and productivity or integrating individuals with disabilities into society.

We also determined the amounts noted on the invoices agreed with the checks issued by SILC to the vendor and documented the name of the vendor and the purpose of the disbursement without exception.

Official's Response:

The Ohio Rehabilitation Services Commission (ORSC) and the Ohio Statewide Independent Living Council (OSILC) appreciates the Auditor of State engagement to conduct Agreed Upon Procedures for OSILC for Federal Fiscal years 2008 and 2009. Several initiatives have already begun which will further help OSILC maximize efforts to increase accountability with regard to elements within the Agreed Upon Procedures. A process and a policy are being developed to select vendors/contractors for goods and services. That procedure will include considering more than one vendor/contractor as we make decisions about purchasing goods and services. We will research the DAS system for recommendations as to details for those procedures. In addition, several expenditures were determined to be "contributions or donations including cash, property and services are unallowable". OSILC will return funds as required for those unallowable items back to the Ohio Rehabilitation Services Commission.

We were not engaged to and did not examine a report containing a total of each Match-GRF, Part B, or Non-match GRF disbursement made by SILC during the period under review, the objective of which would have been to opine on compliance. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is intended solely for the information and use of the Ohio Rehabilitation Services Commission and the Statewide Independent Living Council and is not intended to be and should not be used by anyone else.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 28, 2010



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OHIO STATEWIDE INDEPENDENT LIVING COUNCIL

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
NOVEMBER 16, 2010**