



Dave Yost • Auditor of State

FAIRWAYS COUNCIL OF GOVERNMENT

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INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

Halina Schroeder, Audit Chief
Division of Fiscal Administration, Audit Office
Ohio Department of Developmental Disabilities
30 E. Broad Street, 13th Floor
Columbus OH 43215

Dear Ms. Schroeder:

As permitted by Ohio Revised Code Section 5123.05 and as required by the *Application for a § 1915(c) HCBS Waiver*, Appendix I-2(c), the Auditor of State's Office 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 Fairways Council of Government (the COG or Fairways COG) prepared its *Income and Expenditure Report* and *County Summary Workbooks*¹ for the year ended December 31, 2011 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 Council of Government'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 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.

Revenue Testing

1. DODD requested us to compare the COG's receipts with those reported on *Schedule C, Income Report* of the *County Summary Workbooks* and report variances exceeding two percent of total receipts on *Schedule C, Income Report* or greater than \$1,000.

We compared amounts paid to the COG per the 2011 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C, Income Report* of the *County Summary Workbooks*.

We found no differences exceeding two percent or greater than \$1,000.

Trial Balance Analysis and Non-Payroll Expenditures Testing

1. DODD asked us to compare the COG's total assets to total liabilities plus equity on the Trial Balance reports.

The Fairways COG does not operate on the accrual basis of accounting, but uses the cash receipts and disbursements basis of accounting. Therefore, we were unable to compare assets to liabilities plus equity. However, we did compare the COG's beginning cash balance plus cash receipts less cash disbursements to the COG's ending cash balance on the Fairways COG Receipt and Expense reports and footed this report for accuracy.

¹ Fairways COG recorded receipts and disbursements on behalf of the county developmental disabilities boards (County Boards). Fairways COG prepared County Summary Workbooks to distribute these receipts and disbursements to each of the following County Boards: Champaign, Greene and Madison.

We found no differences or computational errors.

2. DODD asked us to compare the COG's disbursements to *Schedule A, Summary of Service Costs-By Program* and Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks*, and report variances exceeding \$100 for total service contracts, other expenses and COG expenses on any Worksheet.

We compared all service contracts, other expenses and COG expenses on *Schedule A, Summary of Service Costs-By Program* and Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks* to disbursements on the COG's Income statement and Expenditure reports.

We found no differences exceeding \$100 on any Worksheet.

3. DODD asked us to determine whether the COG's disbursements were properly classified within two percent of total service contracts, other expenses and COG expenses for Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks* and if these Worksheets included disbursements over \$100 which are non-federal reimbursable under 2 CFR Appendix B.

We scanned the COG's Expenditure reports for service contracts, other expenses and COG expense rows on Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks* and reviewed documentation to identify disbursements not classified according to the Cost Report Guides or costs which are non-federal reimbursable under 2 CFR 225 Appendix B.

We found differences as reported in Appendix A for misclassified costs and non-federal reimbursable costs.

4. We haphazardly selected a sample of 60 non-payroll disbursements from the General Ledger report that were classified as total service contracts, other expenses or COG expenses on Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks*.

We determined if supporting documentation was maintained as required by 2 CFR 225 (OMB Circular A-87, Appendix A, (C)(1)(j)) and the disbursement was properly classified according to the Cost Report Guides.

We found differences as reported in Appendix A.

5. We scanned the COG's Expenditure reports for items purchased during 2011 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.

Property, Depreciation, and Asset Verification Testing

1. DODD asked us to compare the COG's procedures regarding capitalization of fixed assets with the Cost Report Guides for preparing *Worksheet 1, Capital Costs* and 2 CFR 225 (OMB Circular A-87, Appendix B, 15(a)(2)).

A capitalization policy was unavailable and was not examined.

2. DODD asked us to compare the COG's depreciation schedule to *Worksheet 1, Capital Costs* of the COG cost report and report any variances exceeding \$100.

A depreciation schedule was unavailable and was not examined.

3. DODD asked us to scan the COG's Depreciation Schedule for 2011 for depreciation taken on the same asset more than once, assets that have been fully depreciated, or depreciation taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides.

A depreciation schedule was unavailable and was not examined.

4. DODD asked us to compare the COG's final 2010 Depreciation Schedule to the COG's 2011 Depreciation Schedule for changes in the depreciation amounts for assets purchased prior to the period under review which were not in compliance with the Cost Report Guides.

Depreciation schedules were unavailable and were not examined.

5. DODD asked us to haphazardly select the lesser of five of the COG's fixed assets or five percent of items which meet the COG's capitalization policy and are being depreciated in their first year in 2011 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. DODD also asked us to recalculate 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.

A fixed asset schedule was unavailable and was not examined, and no purchases meeting the capitalization criteria guidelines were identified under procedure #3 of the Trial Balance Analysis and Non-Payroll Expenditures Testing Procedures.

The County Board responded that, "Fairways COG does not have any assets nor do we expect to obtain assets in the future; therefore, we do not have a capitalization policy nor do we have a depreciation schedule."

6. DODD asked us to haphazardly select the lesser of five percent or 5 disposed assets in 2011 from the COG's list of disposed assets and determined if the asset was removed from the COG's fixed asset ledger. DODD also asked us to recalculate depreciation and any gain or loss applicable to 2011 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.

A list of disposed assets and a fixed asset schedule were unavailable for 2011 and were not examined.

Payroll Testing

1. DODD asked us to determine if the COG's employee salaries were within two percent of payroll costs reported on the COG cost report and the *County Summary Workbooks*.

We did not perform this procedure because the COG's business manager did not record any salary or benefits on the COG cost report or County Summary Workbooks for services provided per review of the COG's Income Statement and Expenditure reports.

2. DODD asked us to select a haphazard sample of five employees and compare the COG's Payroll reports to the worksheet on the COG's cost report or the *County Summary Workbooks* in which each employee's salary and benefit costs were allocated to ensure the allocation is consistent with the Cost Report Guides. DODD asked us to report differences greater than two percent of the total wage and benefit of any worksheet affected.

We did not perform this procedure because the COG's business manager did not record any salary or benefits on the COG cost report or County Summary Workbooks for services provided per review of the COG's Income Statement and Expenditure reports.

3. DODD asked us to scan the COG's Payroll Reports for 2011 and compare classification of employees to entries on the COG cost report and *County Summary Workbooks* to determine if salary and benefit costs were reported in accordance with the Cost Report Guides.

We did not perform this procedure because the COG's business manager did not record any salary or benefits on the COG cost report or County Summary Workbooks for services provided per review of the COG's Income Statement and Expenditure reports.

We received a response from Fairways COG to the payroll procedures above. Fairways COG stated that, "Fairways COG has no staff of its own; therefore, no payroll expenses. All work is provided as In-Kind service by the member county board staff."

This report is intended solely for the use of the managements of the DODD, the Office of Medical Assistance, the Centers for Medicare and Medicaid Services and the Fairways COG; however, this report is a matter of public record under Section 149.43, Revised Code and its distribution is not limited.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

May 21, 2013

cc:

John LaRock, Interim Director, Fairways COG
Frank Latona, Business Manager, Fairways COG
James Canney, Board President, Fairways COG
Superintendents of all Member County Boards of Developmental Disabilities
Business Managers of all Member County Boards of Developmental Disabilities

Appendix A
Fairways COG
2011 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Madison County Summary Workbook				
Schedule A				
1. Room and Board/Cost to Live	\$ 28,689	\$ 3,017	\$ 31,706	To reclassify Room and Board expenses (property taxes)
Worksheet 2 (Indirect Costs)				
10. COG Expenses, (L) Community Residential	\$ 3,854	\$ (41)		To reclassify Non-federal reimbursable Fundraising expenses
		\$ (137)		To reclassify Non-federal reimbursable staff appreciation expenses
		\$ (3,017)	\$ 659	To reclassify Room and Board expenses (property taxes)
10. COG Expenses, (O) Non-federal Reimbursable	\$ -	\$ 596		To reclassify Non-federal reimbursable staff appreciation and fundraising expenses
		\$ 137	\$ 733	To reclassify Non-federal reimbursable staff appreciation expenses
Worksheet 5 (Direct Services)				
15. COG Expenses (L) Community Residential	\$ 71,514	\$ (555)		To reclassify Non-federal reimbursable staff appreciation expenses
		\$ (8,443)	\$ 62,516	To reclassify Non-federal reimbursable staff appreciation and fundraising expenses
15. COG Expenses (M) Family Support Services	\$ 13,432	\$ 929	\$ 14,361	To reclassify Respite care expenses
15. COG Expenses, (O) Non-federal Reimbursable	\$ 7	\$ 8,443	\$ 8,450	To reclassify Non-federal reimbursable staff appreciation and fundraising expenses
Worksheet 7A (Physician Services)				
17. COG Expenses (L) Community Residential	\$ 900	\$ (900)	\$ -	To reclassify Psych evaluation expenses
Worksheet 7C (Speech/Audiology)				
19. COG Expenses (M) Family Support Services	\$ 972	\$ (929)	\$ 43	To reclassify Respite care expenses
Worksheet 7D (Psychology)				
20. COG Expenses (L) Community Residential	\$ 4,050	\$ 900	\$ 4,950	To reclassify Psych evaluation expenses
Champaign County Summary Workbook				
Worksheet 4 (Dietary)				
13. COG Expenses, (M) Family Support Services	\$ 825	\$ (202)	\$ 623	To reclassify Respite care expenses
Worksheet 5 (Direct Services)				
15. COG Expenses (L) Community Residential	\$ 41,192	\$ 202	\$ 41,394	To reclassify Respite care expenses
Greene County Summary Workbook				
Worksheet 2 (Indirect Costs)				
10. COG Expenses, (L) Community Residential	\$ 10,982	\$ (6,259)		To reclassify family stability and recreation expenses
		\$ (2,286)	\$ 2,437	To reclassify general gov't expenses
10. COG Expenses, (M) Family Support Services	\$ 4,603	\$ (500)	\$ 4,103	To reclassify recreation expenses
10. COG Expenses, (O) Non-federal Reimbursable	\$ 341	\$ 12,000		To reclassify donations and sponsorship walk expenses
		\$ 2,286	\$ 14,627	To reclassify general gov't expenses
Worksheet 5 (Direct Services)				
15. COG Expenses (L) Community Residential	\$ 376,823	\$ (10,500)	\$ 366,323	To reclassify donations, sponsorship walk and recreation expenses
15. COG Expenses (M) Family Support Services	\$ 135,014	\$ 4,759		To reclassify family stability expenses
		\$ 500	\$ 140,273	To reclassify recreation expenses
Worksheet 7C (Speech/Audiology)				
19. COG Expenses (L) Community Residential	\$ 3,032	\$ 175	\$ 3,207	To reclassify Speech expenses
Worksheet 7E (Occupational Therapy)				
21. COG Expenses (L) Community Residential	\$ 1,354	\$ (245)	\$ 1,109	To reclassify therapy expenses
Worksheet 7F (Physical Therapy)				
22. COG Expenses (L) Community Residential	\$ 1,120	\$ 70	\$ 1,190	To reclassify therapy expenses

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GREENE 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
JUNE 25, 2013**