



Dave Yost • Auditor of State

THE EMPLOYMENT CONNECTION COUNCIL OF GOVERNMENT

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INDEPENDENT AUDITOR'S REPORT ON AGREED-UPON PROCEDURES

Halina Schroeder, Audit Chief
Ohio Department of Developmental Disabilities
Division of Fiscal Administration, Audit Office
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 Employment Connection Council of Government (the COG or TEC 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 identified the COG revenue reported on the 2011 Annual Subsidy Amount and Reconciliation Final reports; however, we noted this COG's revenue was already reported on the Mid-East Regional Council of Government's (MEORC COG) County Board Summary Workbooks. We also scanned the TEC General Ledger and did not find any unreported revenue received by TEC on the County Board's behalf.

Trial Balance Analysis and Non-Payroll Expenditures Testing

1. We compared the COG's total assets to total liabilities plus equity on the Trial balance report.

We found no differences or computational errors.

¹ TEC COG recorded receipts and disbursements on behalf of the county developmental disabilities boards (County Boards). TEC COG prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following County Boards: Fairfield, Hocking, Licking and Perry.

2. DODD asked us to compare 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 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 TEC Summary Worksheet, Trial Balance, General Ledger reports.

We found differences as reported in Appendix A.

3. DODD asked us to determine whether the COG's disbursements on the Trial Balance and General Ledger reports 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 TEC Worksheet, Trial Balance and General Ledger 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.

4. We haphazardly selected a sample of 30 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 for misclassified and non-federal reimbursable costs.

5. We scanned the COG's General Ledger 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 Schedules 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.

A depreciation schedule was unavailable and was 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.

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 employee salaries on the COG's payroll register and general ledger were within two percent of payroll costs reported on the COG cost report and the *County Summary Workbooks*.

We compared the total payroll costs per the COG's TEC Worksheet and General Ledger reports to the payroll costs reported on the COG cost report and the *County Summary Workbooks*.

We found no differences exceeding two percent.

2. We selected a haphazard sample of five employees and compared the COG's TEC Worksheet and job descriptions 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 found no differences exceeding two percent.

3. We scanned the COG's payroll journal for 2011 and compared 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 found differences as reported in Appendix A.

We did not receive a response from officials to the exceptions noted above.

This report is intended solely for the use of the managements of the DODD, the Ohio Department of Medicaid, the Centers for Medicare and Medicaid Services and the TEC 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 "D" and "Y".

Dave Yost
Auditor of State

September 19, 2013

cc: Sue Schmitter-Motta, Executive Director, The Employment Connection Council of Government
Cathy Henthorn, Business Manager, The Employment Connection Council of Government
David Couch, Board President, The Employment Connection Council of Government
Superintendents of all Member County Boards of Developmental Disabilities
Business Managers of all Member County Boards of Developmental Disabilities

Appendix A
The Employment Connection Council of Government
2011 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
The Employment Connection Council of Government Income and Expenditure Report				
Schedule A				
Summary Sheets Lines 13-27				
1. Fairfield	\$ 481,898	\$ (100,827)		To reclassify expenses due to direct allocation method
		\$ (15,583)		To reclassify salaries for Exec Director and Finance Spec.
		\$ (2,531)	\$ 362,957	To reclassify benefits for Exec Director and Finance Spec.
2. Hocking	\$ 201,276	\$ 59,890		To reclassify expenses due to direct allocation method
		\$ (15,202)		To reclassify salaries for Exec Director and Finance Spec.
		\$ (2,403)	\$ 243,561	To reclassify benefits for Exec Director and Finance Spec.
3. Licking	\$ 61,209	\$ 40,304		To reclassify expenses due to direct allocation method
		\$ (5,701)		To reclassify salaries for Exec Director and Finance Spec.
		\$ (926)	\$ 94,886	To reclassify benefits for Exec Director and Finance Spec.
4. Perry	\$ 201,276	\$ (66,255)		To reclassify expenses due to direct allocation method
		\$ (15,202)		To reclassify salaries for Exec Director and Finance Spec.
		\$ (2,403)		To reclassify benefits for Exec Director and Finance Spec.
		\$ 440	\$ 117,856	To record revised transportation expenses
Schedule C				
II. Federal Programs (B)	\$ 724,140	74,302		To record an omitted deposit
		9,660	808,102	To record an omitted deposit
Worksheet 1				
6. Leases and Rentals	\$ 10,494	\$ (10,494)	\$ -	To reclassify an operating lease
Worksheet 2				
1. Salaries	\$ -	\$ 15,583		To reclassify salaries for Exec Director and Finance Spec.
		\$ 15,202		To reclassify salaries for Exec Director and Finance Spec.
		\$ 5,701		To reclassify salaries for Exec Director and Finance Spec.
		\$ 15,202	\$ 51,688	To reclassify salaries for Exec Director and Finance Spec.
2. Benefits	\$ -	\$ 2,531		To reclassify benefits for Exec Director and Finance Spec.
		\$ 2,403		To reclassify benefits for Exec Director and Finance Spec.
		\$ 926		To reclassify benefits for Exec Director and Finance Spec.
		\$ 2,403	\$ 8,263	To reclassify benefits for Exec Director and Finance Spec.
4. Other Expenses	\$ 85,704	\$ 10,494		To reclassify an operating lease
		\$ 2,796		To record expense omitted from cost report
		\$ 76,547	\$ 175,541	To reclassify expenses due to direct allocation method
Fairfield County Summary Workbook				
Worksheet 2 (Indirect Costs)				
10. COG Expense (Line 5), (G) Community Employment	\$ 104,330	\$ (24)		To reclassify non-Federal reimbursable expenses
		\$ (42)	\$ 104,264	To reclassify non-Federal reimbursable expenses
Worksheet 2 (Indirect Costs)				
10. COG Expense (Line 5), (O) Non-Federal Reimbursable	\$ -	\$ 24		To reclassify non-Federal reimbursable expenses
		\$ 42	\$ 66	To reclassify non-Federal reimbursable expenses
Worksheet 10 (Direct Service)				
27. COG Expense (Line 5), (G) Community Employment	\$ 481,898	\$ (100,827)		To reclassify expenses due to direct allocation method
		\$ (18,114)	\$ 362,957	To remove indirect salary and benefits
Hocking County Summary Workbook				
Worksheet 2 (Indirect Costs)				
10. COG Expense (Line 5), (G) Community Employment	\$ 70,010	\$ (46)		To reclassify non-Federal reimbursable expenses
		\$ (55)		To reclassify non-Federal reimbursable expenses
		\$ (79)		To reclassify non-Federal reimbursable expenses
		\$ (94)	\$ 69,736	To reclassify non-Federal reimbursable expenses
Worksheet 2 (Indirect Costs)				
10. COG Expense (Line 5), (O) Non-Federal Reimbursable	\$ -	\$ 46		To reclassify non-Federal reimbursable expenses
		\$ 55		To reclassify non-Federal reimbursable expenses
		\$ 79		To reclassify non-Federal reimbursable expenses
		\$ 94	\$ 274	To reclassify non-Federal reimbursable expenses
Worksheet 8 (Transportation)				
25. COG Expense (Line 5), (G) Community Employment	\$ -	\$ 112	\$ 112	To reclassify transportation expenses
Worksheet 10 (Direct Service)				
27. COG Expense (Line 5), (G) Community Employment	\$ 201,275	\$ 59,890		To reclassify expenses due to direct allocation method
		\$ (17,605)		To remove indirect salary and benefits
		\$ (112)		To reclassify transportation expenses
		\$ (440)	\$ 243,008	To reclassify transportation expenses
Licking County Summary Workbook				
Worksheet 2 (Indirect Costs)				
10. COG Expense (Line 5), (G) Community Employment	\$ 27,274	\$ (30)		To reclassify non-Federal reimbursable expenses
		\$ (51)	\$ 27,193	To reclassify non-Federal reimbursable expenses
Worksheet 2 (Indirect Costs)				
10. COG Expense (Line 5), (O) Non-Federal Reimbursable	\$ -	\$ 30		To reclassify non-Federal reimbursable expenses
		\$ 51	\$ 81	To reclassify non-Federal reimbursable expenses
Worksheet 10 (Direct Service)				
27. COG Expense (Line 5), (G) Community Employment	\$ 61,209	\$ 40,304		To reclassify expenses due to direct allocation method
		\$ (6,627)	\$ 94,886	To remove indirect salary and benefits
Perry County Summary Workbook				
Worksheet 2 (Indirect Costs)				
10. COG Expense (Line 5), (G) Community Employment	\$ 33,877	\$ (9)		To reclassify non-Federal reimbursable expenses
		\$ (55)		To reclassify non-Federal reimbursable expenses
		\$ (16)		To reclassify non-Federal reimbursable expenses
		\$ (94)	\$ 33,703	To reclassify non-Federal reimbursable expenses
Worksheet 2 (Indirect Costs)				
10. COG Expense (Line 5), (O) Non-Federal Reimbursable	\$ -	\$ 9		To reclassify non-Federal reimbursable expenses
		\$ 55		To reclassify non-Federal reimbursable expenses
		\$ 16		To reclassify non-Federal reimbursable expenses
		\$ 94	\$ 174	To reclassify non-Federal reimbursable expenses
Worksheet 8 (Transportation)				
25. COG Expense (Line 5), (G) Community Employment	\$ -	\$ 440		To reclassify transportation expenses
		\$ 553	\$ 993	To reclassify transportation expenses
Worksheet 10 (Direct Service)				
27. COG Expense (Line 5), (G) Community Employment	\$ 201,276	\$ (66,254)		To reclassify expenses due to direct allocation method
		\$ (17,605)		To remove indirect salary and benefits
		\$ (553)	\$ 116,864	To reclassify transportation expenses

* Original Cost Report balances have been adjusted to reflect allocations as a result of the above adjustments to Worksheet 1, Worksheet 2 of the COG Cost Report. Other county summary workbooks cells 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.

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THE EMPLOYMENT CONNECTION COUNCIL OF GOVERNMENT

PERRY 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 7, 2013**