



Dave Yost • Auditor of State

**KOINONIA PARTNERS UNLIMITED, LLC DBA AKINS FAMILY HOME
CUYAHOGA COUNTY**

TABLE OF CONTENTS

Title	Page
Independent Auditor's' Report.....	1
Recommendation: Home Office Allocation Methodology	3
Recommendation: Calculation of Salvage Value.....	4
Appendix A: 2524Medicaid ICF-MR Cost Report Adjustments – 2011	9

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Independent Auditor's Report on Applying Agreed-Upon Procedures

Mr. Chris Carson, Bureau Chief
Bureau of Audit Performance
Ohio Department of Medicaid
50 West Town Street, 5th Floor
Columbus, Ohio 43215

Dear Mr. Carson:

As required by Ohio Rev. Code § 5111.27 and Ohio Admin. Code § 5101:3-3-20 the Auditor of State's Office (AOS) performed the procedures enumerated below to which the Ohio Department of Medicaid (ODM) also agreed. These procedures are designed to assist you in evaluating whether Koinonia Partners Unlimited, LLC dba Akins Family Home (hereafter referred to as the Provider) prepared its JFS 02524 ICF-MR Medicaid Cost Report (Cost Report) for the period January 1, 2011 through December 31, 2011 in accordance with the Appendix to Ohio Admin. Code § 5101:3-3-71.1 (cost report instructions) and to assist you in evaluating whether reported transactions complied with CMS Publication 15-1 (Provider Reimbursement Manual), and other compliance requirements described in the procedures below. Note that all rules and code sections relied upon in this report were those in effect during the Cost Report period and may be different from those currently in effect. The management of Koinonia Partners Unlimited, LLC is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. The sufficiency of these procedures is solely the responsibility of ODM. 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.

Occupancy and Usage

1. ODM requested us to report variances if the Provider's inpatient days were greater than those reported on *Schedule A-1, Summary of Inpatient Days*.

We compared the Provider's Monthly Census Summary Reports for the number of patient days for Medicaid and Non-Medicaid patients to those reported on *Schedule A-1*. We also footed the reports for accuracy.

We found no computational errors or variances where inpatient days were greater than reported.

2. ODM requested us to report variances if total Medicaid inpatient days and total inpatient days were greater than those reported on *Schedule A-1, Summary of Inpatient Days* for one month.

We compared the Medicaid inpatient days and total inpatient days reported on *Schedule A-1* for December 2011 with the total of all Daily Census reports for Medicaid inpatient days and total inpatient days. We also footed the reports for accuracy.

We found no computational errors or variances where inpatient days were greater than reported for the month.

Occupancy and Usage (Continued)

3. ODM requested us to report variances to *Schedule A-1, Summary of Inpatient Days* if total inpatient days were greater than those reported for one month.

We haphazardly selected three individual resident medical records (10 percent) and compared the total days the resident was in the Provider's care for December 2011 with the total inpatient days reported on the Daily Census reports and *Schedule A-1*. For the selected individuals we also determined if the Provider included any waiver respite days as Medicaid or Medicare days and if bed hold days in excess of 30 in a calendar year received the proper authorization on form JFS 09402 in accordance with Ohio Admin. Code § 5101:3-3-16.8.

We found no variances where inpatient days were greater than reported for the month and no misclassified waiver respite days or unauthorized bed hold days.

4. ODM requested us to report variances if the Provider had reimbursed Medicaid days in excess of total Medicaid days reported on *Schedule A-1, Summary of Inpatient Days*.

We compared the number of reimbursed Medicaid days per the Medicaid Information Technology System (MITS) with the total Medicaid days reported on *Schedule A-1*.

We found that the total Medicaid days reimbursed as reported in MITS exceeded days reported on *Schedule A-1*. We obtained the Provider's explanation and reviewed supporting documentation which showed that the days reimbursed as reported in MITS was overstated. We determined that no adjustment to the Cost Report was necessary.

Medicaid Paid Claims

ODM requested that we select paid claims for three residents in one month and report any variances if the claims did not meet the applicable documentation requirements.

We haphazardly selected three residents and obtained all of the paid claims from MITS for the month of December 2011 for two residents and for the month of October 2011 for one resident and compared the reimbursed Medicaid days to the days documented per the resident's medical records. We determined if the Provider's documentation met the general requirements of CMS Publication 15-1, Chapter 23, and Ohio Admin. Code § 5101:3-3-20 and if the days billed met the specific requirements of Ohio Admin. Code § 5101:3-3-16.8 (C) to (E) as an occupied or bed hold day and Ohio Admin. Code § 5101:3-3-39 for the payment adjustment requirements for resident's discharge, admittance to hospital, death or election to receive hospice care.

We found no instances of non-compliance with these documentation requirements.

Non-Payroll Expenses

1. ODM requested that we compare the Provider's non-payroll expenses to the amounts reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Care Cost Center* and report reclassifications between schedules and adjustments resulting in decreased costs exceeding five percent of non-payroll expenses on any schedule.

We compared all non-payroll expenses reported on *Schedule B-1, Schedule B-2, and Schedule C* to the Provider's Historical Detailed Trial Balance For 2011 and Allocation of Central Office Costs 01/01/11-12/31/11 reports.

We found no differences exceeding five percent on any one schedule.

Non-Payroll Expenses (Continued)

2. ODM requested that we select a sample of 20 non-payroll expenses reported on *Schedule B-1, Other Protected Costs; B-2, Direct Care Cost Center; Schedule C, Indirect Cost Center; and Exhibit 3, Home Office Trial Balance* and report expenses exceeding \$500 which lacked supporting documentation, were not properly allocated or were unallowable.

We selected 20 non-payroll expenses in total from the non-payroll accounts on *Schedule B-1, B-2, Schedule C* and *Exhibit 3*. We reviewed these expenses to determine if they had supporting documentation, were properly allocated and classified, and were allowable expenses per the cost report instructions, Ohio Admin. Code § 5101:3, and CMS Publication 15-1.

We found no differences exceeding \$500.

3. ODM requested that we review the allocation methodology used in the Provider's Home Office Trial Balance allocating costs on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Care Cost Center*, and equity on *Schedule E-1, Return on Equity Capital of Proprietary Providers*, determine if it was reasonable, allowable, related to residential care, and properly classified in accordance with Ohio Admin Code § 5101:3, CMS Publications 15-1 Section 2150, and the cost report instructions, and report any reclassifications between schedules and adjustments resulting in decreased Home Office Costs on any schedule.

We reviewed the allocation methodology used in the Provider's Allocation of Central Office Costs 01/0111-12/31/11 report allocating costs on *Schedule B-1, Schedule B-2, Schedule C*, and equity on *Schedule E-1* to determine whether it was reasonable, allowable, related to residential care, and properly classified in accordance with Ohio Admin. Code § 5101:3, CMS Publication 15-1 Section 2150, and the cost report instructions.

We found differences resulting in decreased costs on *Schedule C* as reported in Appendix A.

We noted that the Provider allocated Home Office Costs on *Schedules B-1, B-2 and C* based on a combination of revenues and inpatient days rather than the allocation methodology required per CMS Publication 15-1 Section 2150 which states in pertinent part, "for home office account periods beginning on or after January 1, 1983: Pooled home office costs must be allocated to chain components on the basis of total costs if the chain is composed of unlike health care facilities".

Recommendation:

We recommend the Provider implement allocation methodology required by CMS and allocate pooled Home Office expenses based on total expenses.

Officials Response:

The officials agreed to implement this recommendation beginning in 2014. The officials stated that making this change in the 2011 Cost Report increases active treatment costs at Akins Family Home and the net result is an increase of \$101.74 in total costs for the facility. The Provider asked that no adjustment be made to the Cost Report for 2011.

AOS Response:

The agreed-upon procedure developed by ODM did not include determining the impact on other reported costs as result of adjustments decreasing home office costs. The decreased home office costs are reflected in Appendix A.

Non-Payroll Expenses (Continued)

4. ODM requested that we scan the Provider's non-payroll expenses reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Center* for non-federal reimbursable costs or costs not properly classified exceeding \$500 or contractor costs over \$10,000 that should have been reported on *Schedule C-3, Costs of Service from Related Parties*.

We scanned the Provider's Historical Detailed Trial Balance for 2011 for non-payroll expenses reported on *Schedule B-1, Schedule B-2, and Schedule C* for non-federal reimbursable costs or costs not classified in accordance with Ohio Admin. Code § 5101:3, CMS Publication 15-1, or the cost report instructions and exceeded \$500. We also scanned for any contractors with costs over \$10,000 which would require reporting on *Schedule C-3*.

We found no differences exceeding \$500. We found no contracts over \$10,000 which should be reported on *Schedule C-2*.

5. ODM requested that we compare the 2011 non-payroll costs reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center and Schedule C, Indirect Cost Care Center* by chart of account code to non-payroll costs reported by chart of account code in 2010 and obtain the Provider's explanation for non-payroll variances that increased by more than five percent and \$500 from the prior year's schedules and report adjustments exceeding \$500 and five percent of non-payroll costs on any schedule.

We compared the 2011 non-payroll costs reported on *Schedule B-1, Other Protected Costs, Schedule B-2, Direct Care Cost Center, and Schedule C, Indirect Cost Care Center* by chart of account code to non-payroll costs reported by chart of account code in 2010 and obtained the Provider's explanation for six non-payroll variances that increased by more than five percent from the prior year's schedules. We noted that increases resulted, in part, from upgrading cell phones, cleaning supplies, and the purchase of bed sheets/bedspreads. Franchise Permit Fees and contracts for staff development costs also increased.

We reported no variances in Appendix A.

Property

1. ODM requested we compare the Provider's procedures regarding capitalization of fixed assets used to prepare *Schedule D, Capital Cost Center; Schedule D-1, Analysis of Property, Plant and Equipment; and Schedule D-2, Capital Additions/Deletions* with the cost report instructions and CMS Publication 15-1, and report any variances.

We compared the Provider's procedures regarding capitalization of fixed assets used for preparing *Schedule D, Schedule D-1, and Schedule D-2* with the cost report instructions and CMS Publication 15-1.

We found one inconsistency between the Provider's capitalization procedures and the guidelines listed above. The Provider is not calculating a salvage value on any new capital asset purchases.

Recommendation:

The Provider did not include any salvage value in the calculation of depreciation expense. The Provider should calculate a 10 percent salvage value in accordance with CMS Publication 15-1, 104.19, which states in pertinent part, "virtually all assets have a salvage value substantial enough to be included in calculating depreciation, and only in the rare instance is salvage value so negligible that it may be ignored."

2. ODM requested that we compare capital assets and corresponding depreciation listed on *Schedule D, Capital Cost Center; Schedule D-1, Analysis of Property, Plant and Equipment; and Schedule D-2, Capital Additions/Deletions* to the Provider's Depreciation Schedule and Book Asset Detail Report and report differences exceeding \$500.

We compared capital assets and corresponding depreciation listed on *Schedule D* and *Schedule D-1* to the Provider's Capital Asset/Depreciation Listing.

We found no differences exceeding \$500.

3. ODM requested we select a total of three additions, renovations, and/or deletions reported on *Schedule D-1, Analysis of Property, Plant and Equipment, and Schedule D-2, Capital Additions/Deletions* and determine if the cost basis, useful life and depreciation expense were in accordance with Appendix A of Ohio Admin. Code §§ 5101:3-3-71.3 and 5101:3-3-01 (BB). We also determined if assets were used in residential care or should be reclassified as the Costs of Ownership in accordance with Ohio Admin § 5101:3 and CMS Publication 15-1.

We did not perform this procedure as there were no additions, renovations or deletions reported during 2011 on *Schedule D-1* and *Schedule D-2*.

4. ODM requested we review the rent and lease agreements to determine if any related party lease costs were recorded in accordance Ohio Admin. Code §§ 5101:3-3-01(BB) and 5101:3-3-84.3, and that non-related party leases meet the requirements of FASB 13, if costs were recorded in *Schedule D, Analysis of Property, Plant and Equipment* in Lease and Rent Accounts 8060 or 8065, and report any differences.

We reviewed rent and lease agreements to determine if any related party lease costs were recorded in accordance with Ohio Admin. Code §§ 5101:3-3-01 (BB) and 5101:3-3-84.3 and that non-related leases meet the requirements of FASB 13.

We found no differences.

5. ODM requested we compare the renovation costs and financing costs in the Non-extensive Renovation Letter to *Schedule D-1, Analysis of Property, Plant and Equipment*, if costs were recorded in *Schedule E, Balance Sheet*, Account 1300, Renovations, and report any differences

We compared the renovation costs and financing costs in the Non-extensive Renovation Letter to *Schedule D-1*.

We found no differences.

6. ODM requested we review the fixed asset/depreciation listing to ensure transportation expenses were reasonable, allowable and related to patient care as defined in CMS Publication 15-1. ODM also requested we review the W-2s to determine if any corporate officers and owners who exclusively used vehicles reported additional compensation or were adjusted from allowable expenses pursuant to CMS Publication 15-1, Chapter 9, if transportation costs are recorded in *Schedule D-1, Analysis of Property, Plant and Equipment*, and report any differences.

We reviewed the Fixed Asset/Depreciation Listing to ensure transportation expenses were reasonable, allowable and related to patient care as defined in CMS Publication 15-1. We also reviewed the W-2s to determine if any corporate officers and owners who exclusively used vehicles reported additional compensation or were adjusted from allowable expenses pursuant to CMS Publication 15-1, Chapter 9.

We found no differences.

Payroll

1. We compared all salary, fringe benefits and payroll tax entries and hours worked reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Cost Care Center; Schedule C-1, Administrator's Compensation; and Schedule C-2, Owner's Relatives Compensation* to the Provider's Annual Departmental Payroll report and other supporting documentation to identify variances exceeding five percent of total payroll costs or hours reported on any schedule.

We found no differences.

2. We selected five employees (including all Administrators and Owners) and compared the Provider's employee personnel file, organizational chart, and job descriptions to the schedule in which each employee's salary and fringe benefit expenses were reported to determine if they were allowable under CMS Publication 15-1, were properly classified, allocated and allowable in accordance with in accordance with Ohio Admin. Code § 5101:3, CMS Publication 15-1, Chapter 9 and Section 2150 and the cost report instructions to identify variances exceeding \$500.

We found no differences exceeding \$500.

3. We compared the 2011 payroll costs reported on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; Schedule C, Indirect Cost Care Center; and Schedule C-1, Administrator's Compensation* by chart of account code to payroll costs reported by chart of account code in 2010 and obtained the Provider's explanation for four payroll variances that increased by more than five percent from the prior year's schedules.

We obtained the Provider's explanations that there were raises for nursing staff, supervisors, administration staff, and home office staff. There were also additional administration and home office positions added in 2011.

We reported no variances in Appendix A (2011).

Revenues

1. ODM requested us to report differences on *Attachment 1, Revenue Trial Balance* exceeding five percent of total revenues reported.

We compared all revenues on the Provider's detailed revenue report with those revenues reported on *Attachment 1* to determine if all revenues were reported in accordance with Ohio Admin. Code § 5101:3, CMS Publication 15-1, and the cost report instructions.

We found no differences exceeding five percent.

2. ODM requested we scan the Provider's Revenue Ledger to identify any revenue offset/applicable credits exceeding \$500 which the provider did not record on *Attachment 2, Adjustments to Trial Balance* or were not offset against expenses on *Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; and Schedule C, Indirect Cost Care Center*.

We scanned the Provider's Historical Detailed Trial Balance For 2011 and Allocation of Central Office Costs 01/01/11-12/31/11 reports to identify any revenue offsets or applicable credits which were not reported on *Attachment 2* or *Schedules B-1, B-2 or C* to offset corresponding expenses in accordance with CMS Publication 15-1, Chapters 1, 6 and 8.

We did not identify any unrecorded revenue offsets or applicable credits exceeding \$500 that would offset corresponding expenses.

Assets, Liabilities and Owner's Equity

ODM requested us to perform procedures 1 through 6 below if the Provider was a for-profit provider and if *Schedule E-1, Return on Equity Capital of Proprietary Providers* reported equity above zero.

1. ODM requested we compare Assets and Liabilities on the *Schedule E, Balance Sheet* with the Provider's Trial Balance report and other supporting documentation for those accounts greater than five percent of total reported assets or liabilities, and identify any supported, unallowable or improperly classified amount per Ohio Admin. Code § 5101:3, CMS Publication 15-1, or the cost report instructions.

We did not perform this procedure as the Provider indicated on *Schedule A* that it is a non-profit corporation.

2. ODM requested we determine if the Provider is on a proper accrual basis and if their accrual policies are applied consistently between periods as required by the cost report instructions, and report any differences.

We did not perform this procedure as the Provider indicated on *Schedule A* that it is a non-profit corporation.

3. ODM requested we compare the Provider's ending account balance with beginning balance for all accounts on *Schedule E, Balance Sheet* and obtain an explanation for any account ending balance with variances exceeding 25 percent or \$100,000 of the beginning balance, and report any differences.

We did not perform this procedure as the Provider indicated on *Schedule A* that it is a non-profit corporation.

4. ODM requested we compare the savings account balance on the Trial Balance report to *Schedule E, Balance Sheet* to determine if total cash on hand from investments/savings exceeds three months of the Provider's total annual operating expenses as reported *Schedule A-3, Summary of Costs* and is not allowable equity as Invested Funds, pursuant to CMS Pub. 15-1, Section 1218.2, and report any differences.

We did not perform this procedure as the Provider indicated on *Schedule A* that it is a non-profit corporation.

5. ODM requested we compare reconciling items on the bank reconciliation report/schedule with the December 2011 bank statement and trial balance report, and report any differences.

We did not perform this procedure as the Provider indicated on *Schedule A* that it is a non-profit corporation.

6. ODM requested we compare amounts reported on *Schedule E-1, Return on Equity Capital of Proprietary Providers* to supporting documentation to ensure net equity calculations for Capital, Due from Owners/Officers, Related Party Loans, Equity in Assets Leased from Related Parties, or Home Office Equity were in accordance with CMS Publication 15-1 and Ohio Admin. Code § 5101:3-3-01(BB), and report any differences.

We did not perform this procedure as the Provider indicated on *Schedule A* that it's a non-profit corporation.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Provider's Cost Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the managements of the Provider, the Ohio Department of Medicaid, and the Centers for Medicare and Medicaid Services, and is not intended to be, and should not be used by anyone other than these 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 14, 2014

Appendix A
Koinonia Partners Unlimited, LLC dba Akins Family Home
2011 Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule B-1 Other Protected Costs				
18. Home Office Costs/Other Protected - 6095 - Other/Contract Wages (2)	720	(12)	\$ 708	To adjust Home Office Costs based on Total Expenses and not Revenue
Schedule C Indirect Care Cost Center				
48. Home Office Costs/Indirect Care ** - 7310 - Salary Facility Employed (1)	\$ 35,336	\$ (469)	\$ 34,867	To adjust Home Office Costs based on Total Expenses and not Revenue
48. Home Office Costs/Indirect Care ** - 7310 - Other/Contract Wages (2)	\$ 30,738	\$ (372)	\$ 30,366	To adjust Home Office Costs based on Total Expenses and not Revenue
Schedule C Administrator's Compensation				
26. Administrator	\$ 5,639	\$ (104)	\$ 5,535	To adjust Home Office Costs based on Total Expenses and not Revenue
Schedule D Capital Cost Center				
10. Home Office Costs/Capital Cost ** - 8090 - Total (3)	\$ 13,419	\$ (176)	\$ 13,243	To adjust Home Office Costs based on Total Expenses and not Revenue

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KOINONIA PARTNERS UNLIMITED, LLC DBA AKINS FAMILY HOME

CUYAHOGA 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
DECEMBER 16, 2014**