



Dave Yost • Auditor of State

**NORTHCOAST BEHAVIORAL HEALTHCARE
LAKE COUNTY COMMUNITY SUPPORT NETWORK**

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Independent Auditor's Report on Applying Agreed-Upon Procedures

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

Dear Mr. Myricks:

As required by Ohio Admin. Code § 5122-26-19, the Auditor of State's Office (AOS) performed the procedures enumerated below, codified in Ohio Admin. Code § 5122-26-19.1, Appendix A, Part G to which the Ohio Department of Mental Health and Addiction Services (ODMHAS) also agreed. These procedures are designed to assist you in evaluating whether Northcoast Behavioral Healthcare: Lake County Community Support Network (hereafter referred to as Lake County CSN) prepared its Actual Uniform Cost Report (AUCR) for the periods July 1, 2011 through June 30, 2012, in accordance with the Uniform Cost Reporting Appendix to Ohio Admin. Code § 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. Lake County CSN'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 ODMHAS. 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 non-personnel disbursements on the FIN103 Expenditures by Department ID and Account report and allocated non-personnel disbursements from the FIN128 Total Disbursements by Department ID and Account, FIN148 Accounts Payable Disbursement Detail report, and total personnel costs from the HCM113 Civil Service Payroll Costs by CSN Inpatient, Employee and Dept ID and other reports (see also Procedure 1 of Personnel Costs section) to total disbursements reported on Lake County CSN's AUCR for State Fiscal Year (SFY) ending June 30, 2012.

We found differences exceeding two percent related to payroll (see procedures and results in the Personnel Costs section) as reported in Appendix A.

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.

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.

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.

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.

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.

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.

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.

II. Personnel Costs

1.) We compared total salaries, wages, and fringe benefits for Lake County Direct CSN and Admin support employees and allocated hospital administrative personnel costs on the Ohio Administrative Knowledge System (OAKS) HCM113 Civil Service Payroll Costs by CSN Inpatient, Employee and Dept ID and Recap by Staff by Cost Center reports to total personnel costs reported on Lake County CSN's SFY 2012 AUCR.

We found differences exceeding two percent in the amount of \$17,547 in additional costs reported on the AUCR when compared to the CSN's payroll reports. We found \$11,980 in allocated hospital administrative personnel costs that were over reported on the AUCR and reported these variances in Appendix A and the final adjusted AUCR was within two percent of the CSN's payroll reports.

2.) From the personnel costs reported on the AUCRs, we selected the yearly personnel costs for 10 employees for SFY 2012. We performed the following procedures on these samples by inspecting the supporting documentation (e.g., HCM113 Civil Service Payroll reports, job descriptions, etc.).

2a.) 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 § 5122-26-19.

We found no differences.

2b.) For any unallowable personnel disbursements we reviewed the AUCR to determine if they were included in unallowable costs.

We found no differences.

2c.) 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 differences.

2d.) 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 § 5122-26-19.

We found two hospital administration employees in the Nursing and Chief Clinical Officer departments that were allocated using an incorrect allocation percentage. This adjustment was included as part of the \$11,980 adjustments identified under Procedure 2 and reported in Appendix A.

III. Non-Personnel Costs

1.) From the non-personnel costs reported on the AUCR, we haphazardly selected 29 non-personnel disbursements in SFY 2012. 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 § 5122-26-19 and 2 CFR Part 225, Appendix A, (C)(1)(j) and Appendix B.

We found no differences.

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 § 5122-26-19.

We found no differences.

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).

We found no differences.

IV. Administrative Overhead Costs

1.) From the administrative overhead costs reported on the AUCR, we haphazardly selected seven non-personnel disbursements for SFY 2012.

We found no differences.

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 § 5122-26-19 and 2 CFR Part 225, Appendix A, (C)(1)(j) and Appendix B.

We found no unallowable administrative overhead expenditures exceeding two percent.

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 § 5122-26-19.

We found no differences.

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).

We found no unallowable administrative overhead expenditures exceeding two percent.

V. Units of Service

1.) We compared the number of units on the AUCR with the Staff Service Delivery Tracking reports to determine if units were reported in compliance with the Uniform Cost Reporting Appendix to Ohio Admin. Code § 5122-26-19.

We found no differences exceeding two percent.

2.) From and by each service with costs reported on the AUCR, we haphazardly selected 40 units for SFY 2012. 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 § 5122-26-19 and met the service documentation requirements of Ohio Admin. Code § 5101:3-27-02 and units of service conventions in Ohio Admin. Code § 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.

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.

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

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the CSN's AUCR. 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 CSN, ODMHAS, 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.

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

December 24, 2013

cc: Sunny Dhillon, Business Administrator, Northcoast Behavioral Healthcare
Doug Kern, Chief Executive Officer, Northcoast Behavioral Healthcare
William VonAlt, Chief Financial Officer, Northcoast Behavioral Healthcare

Appendix A
Northcoast Behavioral Healthcare - Lake County Community Support Network
For the AUCR Reporting Period from 7/01/2011 to 6/30/2012

2012 Worksheet/Schedule	Reported Original Amount on AUCR	Adjustment (s) Required	Final Adjusted Amount	Explanation of Adjustment
Lake CSN AUCR				
Schedule A-1				
Pharmacological Management				
Column 7-Allocation of Admin. Overhead	\$ 8,583	\$ (1,242)	\$ 7,341	To correct allocated Hospital admin personnel costs
Residential Care				
Column 7-Allocation of Admin. Overhead	\$ 74,220	\$ (10,738)	\$ 63,482	To correct allocated Hospital admin personnel costs
	\$ 82,803	\$ (11,980)	\$ 70,823	



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NORTHCOAST BEHAVIORAL HEALTHCARE: LAKE COUNTY COMMUNITY SUPPORT NETWORK

LAKE 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
FEBRUARY 4, 2014