



Dave Yost • Auditor of State

SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS

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Independent Auditor's Report on Applying 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, Ohio 43215

Dear Ms. Schroeder:

As permitted by Ohio Revised Code § 5123.05 and as required by the *Application for a §1915(c) Home and Community Based Services Waiver*, Appendix I-2(c), the Auditor of State's Office has 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 Southwestern Ohio Council of Governments (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*¹ for the year ended December 31, 2012 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 Governments' management 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 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 2012 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C, Income Report* of the *County Summary Workbooks*.

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 Southwestern Ohio COG recorded receipts and disbursements on behalf of the member county boards of developmental disabilities (County Boards). The COG prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following County Boards: Hamilton, Warren, Clermont and Butler.

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 trial balance and general ledger reports.

We found differences as reported in Appendix A.

3. DODD asked us to determine whether the COG's disbursements on the 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 general ledger reports for service contracts, other expenses and 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*, 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 reports 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 2012 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.

Payroll Testing

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

We did not perform this procedure as the COG has no employees or payroll.

2. DODD requested we select a haphazard sample of five employees and compare the COG's organizational chart/staffing/payroll journal 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 as the COG has no employees or payroll.

3. DODD requested we scan the COG's payroll journal for 2012 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 did not perform this procedure as the COG has no employees or payroll.

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)).

We did not perform this procedure as the COG has no formalized policy. The COG stated that, in the event it purchased any capital assets, it would follow the Cost Report Guide.

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.

We did not perform this procedure as the COG has no assets.

3. DODD asked us to scan the COG's depreciation schedule for 2012 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.

We did not perform this procedure as the COG has no assets.

4. DODD asked us to compare the COG's final 2011 depreciation schedule to the COG's 2012 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.

We did not perform this procedure as the COG has no assets.

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 2012 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. DODD also asked us to compute 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.

We did not perform this procedure as the COG has no assets.

6. DODD asked us to haphazardly select the lesser of five percent or five disposed assets in 2012 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 2012 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.

We did not perform this procedure as the COG has no assets..

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 COG'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 COG, DODD, 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

April 9, 2014

cc: Rick Black, Executive Director, Southwestern Ohio Council of Governments
Missy McCarthy, Business Manager, Southwestern Ohio Council of Governments
Sharon Woodrow, Board President, Southwestern Ohio Council of Governments
Superintendents of all Member County Boards of Developmental Disabilities
Business Managers of all Member County Boards of Developmental Disabilities

Appendix A
Southwestern Ohio Council of Governments
2012 Income and Expenditure Report and County Summary Workbook

Cost Report Location	Reported Amount	Correction	Corrected Amount	Comments
Southwestern Ohio Council of Government Income and Expenditure Report				
Schedule C				
I. County DD Board Fees	\$ 46,431,569	\$ (46,431,569)	\$	- To remove transfers
II. Other Revenues				
III. Interest	\$ 16,089	\$ (16,089)	\$	- To remove county board interest
Worksheet 2				
3. Service Contracts	\$ 9,716	\$ (9,716)	\$	- To remove costs already allocated to county boards
4. Other Expenses	\$ 159,351	\$ (159,351)	\$	- To remove costs already allocated to county boards
Butler County				
Schedule A				
1. COG Expenses (L) Community Residential	\$ -	\$ 30		To reclassify room and board
		\$ 10,297	\$ 10,327	To reclassify room and board
Worksheet 2				
10. COG Expenses (M) Family Support Services *	\$ 36,972	\$ (15)	\$ 36,957	To reclassify non-federal reimbursable
10. COG Expenses (O) Non-Federal Reimbursable	\$ 1,017,969	\$ 40,220		To reclassify MAC fees
		\$ 15	\$ 1,058,204	To reclassify non-federal reimbursable
Worksheet 5				
15. COG Expenses (L) Community Residential	\$ -	\$ 22,292		To reclassify community residential costs
		\$ (30)	\$ 22,262	To reclassify room and board
15. COG Expenses (M) Family Support Services	\$ 410,219	\$ (10,297)	\$ 399,922	To reclassify room and board
15. COG Expenses (N) Service & Support Admin	\$ 22,292	\$ (22,292)	\$	- To reclassify community residential costs
Worksheet 6				
16. COG Expenses (O) Non-Federal Reimbursable	\$ 40,220	\$ (40,220)	\$	- To reclassify MAC fees
Schedule C				
II. Department of DD				
A. Family Support Services	\$ 360,000	\$ (360,000)	\$	- To agree to DODD confirmation
V. Other Revenues				
D. Family Support Service Fees	\$ 34,000	\$ (34,000)	\$	- To remove transfers
I. Other				
12. Individual Budgets	\$ 15,000	\$ (15,000)	\$	- To remove transfers
13. Public Relations	\$ 15,000	\$ (15,000)	\$	- To remove transfers
Clermont County				
Schedule A				
1. COG Expenses (L) Community Residential	\$ -	\$ 600	\$ 600	To reclassify room and board
Worksheet 2				
10. COG Expenses (M) Family Support Services *	\$ 17,652	\$ (15)	\$ 17,637	To reclassify non-federal reimbursable
10. COG Expenses (O) Non-Federal Reimbursable	\$ 6,625	\$ 15	\$ 6,640	To reclassify non-federal reimbursable

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Southwestern Ohio Council of Governments
2012 Income and Expenditure Report and County Summary Workbook

Cost Report Location	Reported Amount	Correction	Corrected Amount	Comments
Clermont County (cont.)				
Worksheet 5				
15. COG Expenses (M) Family Support Services	\$ 148,180	\$ (600)	\$ 147,580	To reclassify room and board
Schedule C				
I. County				
B. Interest	\$ 232	\$ 49	\$ 281	To agree to compiled report
II. Department of DD				
A. Family Support Services	\$ 161,323	\$ (161,323)		- To agree to DODD confirmation
D. Family Support Service Fees	\$ 16,275	\$ (16,275)		- To remove transfers
I. Other				
12. Public Relations	\$ 10,000	\$ (10,000)		- To remove transfers
Hamilton County				
Schedule A				
1. COG Expenses (L) Community Residential	\$ -	\$ 13,197		To reclassify room and board
		\$ 39,329	\$ 52,526	To reclassify room and board
Worksheet 2				
10. COG Expenses (M) Family Support Services *	\$ 63,966	\$ (15)	\$ 63,951	To reclassify non-federal reimbursable
10. COG Expenses (O) Non-Federal Reimbursable	\$ 2,394,567	\$ 70,467		To reclassify MAC fees
		\$ 15	\$ 2,465,049	To reclassify non-federal reimbursable
Worksheet 5				
15. COG Expenses (L) Community Residential	\$ -	\$ 205,705		To reclassify community residential costs
		\$ (39,329)	\$ 166,376	To reclassify room and board
15. COG Expenses (M) Family Support Services	\$ 589,507	\$ (13,197)	\$ 576,310	To reclassify room and board
15. COG Expenses (N) Service & Support Admin	\$ 205,705	\$ (205,705)		- To reclassify community residential costs
Worksheet 6				
16. COG Expenses (O) Non-Federal Reimbursable	\$ 70,467	\$ (70,467)		- To reclassify MAC fees
Schedule C				
II. Department of DD				
A. Family Support Services	\$ 400,000	\$ (400,000)		- To agree to DODD confirmation
D. Family Support Service Fees	\$ 38,517	\$ (38,517)		- To remove transfers
I. Other				
12. Onetime Costs/Sorta	\$ 584,180	\$ (584,180)		- To remove transfers
13. Individual Budgets	\$ 27,820	\$ (27,820)		- To remove transfers
14. Other	\$ 5,000	\$ (5,000)		- To remove transfers
15. Public Relations	\$ 10,000	\$ (10,000)		- To remove transfers
16. Financial Services Admin	\$ 16,824	\$ (16,824)		- To remove transfers
Warren County				
Worksheet 2				
10. COG Expenses (M) Family Support Services	\$ -	\$ 3,474	\$ 3,474	To reclassify family support
10. COG Expenses (N) Service & Support Admin	\$ 3,489	\$ (15)		To reclassify non-federal reimbursable
		\$ (3,474)		- To reclassify family support
10. COG Expenses (O) Non-Federal Reimbursable	\$ 516,550	\$ 15	\$ 516,565	To reclassify non-federal reimbursable

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 Southwestern Ohio Council of Governments
 2012 Income and Expenditure Report and County Summary Workbook

Cost Report Location	Reported Amount	Correction	Corrected Amount	Comments
Warren County (cont.)				
Schedule C				
II. Department of DD				
A. Family Support Services	\$ -	\$ 39,896	\$ 39,896	To agree to DODD confirmation
B. County Board Subsidy	\$ 196,574	\$ (70,418)	\$ 126,156	To agree to DODD confirmation
C. Residential Facility -Non Waiver Services	\$ -	\$ 27,559	\$ 27,559	To agree to DODD confirmation
E. Waiver Administration	\$ -	\$ 2,162	\$ 2,162	To agree to DODD confirmation
H. Purchase of Service	\$ -	\$ 801	\$ 801	To agree to DODD confirmation
I. Other				
12. Public Relations	\$ 10,000	\$ (10,000)	\$ -	- To remove transfers
13. Financial Services Admin	\$ 20,000	\$ (20,000)	\$ -	- To remove transfers

* 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 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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Dave Yost • Auditor of State

SOUTHWESTERN OHIO COUNCIL OF GOVERNMENT

HAMILTON 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 12, 2014**