



Dave Yost • Auditor of State

PORTAGE COUNTY BOARD OF DEVELOPMENTAL DISABILITIES

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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 East Broad Street, 13th Floor
Columbus, Ohio 43215

Dear Ms. Schroeder:

As permitted by Ohio Rev. 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 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 Portage County Board of Developmental Disabilities (County Board) prepared its *Income and Expenditure Report* for the years ended December 31, 2010 and 2011 (Cost Reports) in accordance with DODD's Guide to Preparing Income and Expenditure Reports for 2010 and 2011 (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 County Board's 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.

The Auditor of State, under the same authority noted above, also performed the Acuity Testing procedures below for the 2008, 2009, 2010, and 2011 Cost Reports.

Statistics – Square Footage

1. DODD requested that we tour the facilities to identify how space was used by County Board programs and to identify new, closed or empty buildings along with rented or idle space and, if final 2009 square footage totals are the same and no significant changes in the floor plan have occurred, to perform no additional procedures.

We toured the facilities to identify how space was used by County Board programs and to identify new, closed or empty buildings along with rented or idle floor space. We found no unreported rented or idle floor space in the facilities toured; however, in reviewing the square footage summaries for other facilities we identified unreported rented floor space in 2010. We reported this difference in Appendix A (2010). We found no unreported rented floor space in 2011.

We also compared the 2010 and 2011 square footage totals to the final 2009 square footage totals and discussed square footage changes with the County Board. We noted significant changes have occurred and we performed the procedures below.

Statistics – Square Footage (Continued)

2. DODD requested that we report variances if the County Board's square footage for three rooms varied by more than 10 percent of the square footage reported in the summary which rolls up to *Schedule B-1, Section A, Square Footage*.

We measured three rooms and compared the square footage to the County Board's square footage summary.

We found no variances for rooms that were measured exceeding 10 percent.

3. DODD requested that we report variances if the County Board's square footage for one floor plan varied by more than 10 percent of the square footage reported in the summary which rolls up to *Schedule B-1, Section A, Square Footage*.

We compared square footage for each room on the Administrative building's floor plan to the County Board's summary for each year.

We found no variances exceeding 10 percent.

4. DODD asked us to report variances if the County Board's square footage summary varied by more than 10 percent when comparing the County Board's summary to the Cost Report for any cell within *Schedule B-1, Section A, Square Footage*.

We compared the County Board's square footage summary to the square footage reported for each cell in *Schedule B-1, Section A, Square Footage*.

We found no variances exceeding 10 percent in 2010. In 2011, we found variance exceeding 10 percent and we reported the variance in Appendix B.

5. We obtained the County Board's methodology for allocating square footage between programs and reviewed the methodology to ensure that square footage for areas shared by more than one type of service is allocated by program based on reported usage of the area in accordance with the Cost Report Guides.

We found no inconsistencies.

Statistics – Attendance

1. We reviewed the Cost Reports to determine if individuals served or units of service were omitted on *Schedule B-1, Section B, Attendance Statistics*, worksheet 4, or worksheets 7A to 7H which result in unassigned program or general expenses-all program costs.

We determined that there were no individuals served or units of service omitted on *Schedule B-1, Section B, Attendance Statistics*, worksheet 4, or worksheets 7A to 7H which resulted in unassigned program or general expenses-all program costs.

2. DODD asked us to compare the County Board's final 2009 typical hours of service reported on *Schedule B-1, Section B, Attendance statistics* to the typical hours of service reported on *Schedule B-1* for 2010 and 2011 and, if the hours are the same, to do no additional procedures.

We compared the final 2009 typical hours of service to the typical hours of service reported on *Schedule B-1* for 2010 and 2011.

Statistics – Attendance (Continued)

We found the reported typical hours of service changed in 2010 and 2011 and we compared the County Board's supporting documentation for typical hours of service to the typical hours of service reported on *Schedule B-1* for 2010 and 2011.

We found no differences.

3. DODD requested that we report variances if the County Board's attendance statistics were not within two percent of the attendance statistics reported.

We compared the County Board's attendance reports for the number of individuals served, days of attendance, and 15 minute units with similar information reported for Day Habilitation/Adult Day Services/Vocational Habilitation, Enclave and Community Employment on *Schedule B-1, Section B, Attendance Statistics* and determined if the statistics were reported in accordance with the Cost Report Guides. We also footed the County Board's reports on Attendance Statistics for accuracy.

In 2010, we found variance or computational error exceeding two percent for Community Employment individuals served. We reported the variance in Appendix A (2010). In 2011, we found no variances or computational errors exceeding two percent.

4. DODD requested that we report variances if the County Board's number of individuals served varied by more than 10 percent when comparing to the prior period's attendance statistics on *Schedule B-1, Section B, Attendance Statistics*.

We compared the County Board's final 2009 number of individuals served to the final individuals served for Day Habilitation/Adult Day Services/Vocational Habilitation and Enclave for 2010 and then we compared the final 2010 individuals served to the final individuals served for 2011 on *Schedule B-1* and determined if the variances were over 10 percent.

In 2010, the number of reported individuals served for Enclave changed more than 10 percent from the prior year's *Schedule B-1* and, as a result, we performed procedure 5 below. In 2011, the number of reported individuals served did not change by more than 10 percent from the prior year's *Schedule B-1*.

5. DODD asked us to report variances if the individuals served on *Schedule B-1, Section B, Attendance Statistics* were not within three of the individuals documented on the attendance sheets.

We haphazardly selected 11 individual names from the County Board's Enclave attendance sheets for 2010, and compared the individuals by name to the compiled listing of individuals served by program documentation which rolls up to *Schedule B-1*.

We found no differences.

6. DODD requested that we report variances to *Schedule B-1, Section B, Attendance Statistics* if more than three of the 15 minute community employment units tested were not calculated in accordance with the Cost Report Guides.

We haphazardly selected 42 units from 2010 and 15 units from 2011 from the County Board's Community Employment units report and determined if the units were calculated in accordance with the Cost Report Guides.

We found no differences.

Acuity Testing

1. DODD requested that we report variances if the days of attendance on the Days of Attendance by Acuity supplemental worksheet for 2008, 2009, 2010 and 2011 did not agree to the County Board's supporting documentation.

We compared the County Board's 2008 Days of Attendance report; the attendance by acuity for 2009 report; the attendance by acuity and Portage Attendance by Month All Clients (By Age Group) By Program for 2010; and the Day Services Attendance Summary By Consumer, Location, Acuity and Month and Hattie Larlham Enclave reports for 2011 for the days of attendance for Day Habilitation/Adult Day Services/Vocational Habilitation and Enclave with the Days of Attendance by Acuity supplemental cost report worksheet for 2008, 2009, 2010, and 2011.

We found no variances.

2. We compared two individuals from each acuity level on the County Board's 2008, 2009, 2010 and 2011 attendance by acuity reports to the Acuity Assessment Instrument for each individual for 2008, 2009, 2010 and 2011.

We found no acuity variances for days of attendance reported on the attendance by acuity report for 2008, 2009 and 2011. For 2010, we found 29 adult day services days of attendance for one individual that should be reclassified from acuity level B to acuity level C.

We developed revised Days of Attendance by Acuity supplemental worksheet for 2010 with the variance noted above and submitted this to DODD.

Statistics – Transportation

1. DODD requested that we report variances if the County Board's transportation units were not within two percent of total units reported on each line of *Schedule B-3 Quarterly Summary of Transportation Services*.

We compared the number of one-way trips from the County Board's 2010 quarterly transportation reports and 2011 Units Delivered Transportation By Service, Month, and Age Group report with those statistics as reported in *Schedule B-3*. We also footed the County Board's 2010 quarterly transportation reports and 2011 Units Delivered Transportation by Service, Month, and Age Group report for accuracy.

We found no variances or computational errors exceeding two percent.

2. DODD asked us to report variances of more than 10 percent of the total trips taken for one children's route and four adults for 2010 and for five individuals in 2011, between the County Board's internal documentation versus the amount reported on *Schedule B-3, Quarterly Summary of Transportation Services*.

We traced the number of trips for four adults for one month in 2010 and 2011 and one children's route for a week in 2010 and a one child for a month in 2011 from the County Board's daily reporting documentation to *Schedule B-3*.

We found no differences.

Statistics – Transportation (Continued)

3. DODD requested that we report variances if the County Board's cost of bus tokens/cabs was not within two percent of the total amount reported on *Schedule B-3, Quarterly Summary of Transportation Services*.

We compared the cost of bus tokens/cabs from the County Board's Cost Report Expenditures reports to the amount reported in *Schedule B-3*.

We found no differences or computational errors exceeding two percent.

We noted the County Board contracts with the local Transit Agency on a per trip cost basis at a rate that exceeds the rate charged the general public. We found that the County Board had no support for the excess service charge paid for commercial transportation. See the Non-Payroll Expenditures and Reconciliation to the County Auditor Report section for the recommendation regarding the requirement for contracted services to meet all applicable requirements as outlined in the Cost Report Guides, 2 CFR Part 225 Appendix A, Section C (2) for reasonable costs, and the Provider Reimbursement Manual (CMS Publication 15-1).

Statistics – Service and Support Administration (SSA)

1. DODD requested that we report variances if the County Board's SSA units were not within two percent of total units reported on each line of *Schedule B-4, Quarterly Summary of Units of Service – Service and Support Administration*.

We compared the number of SSA units (Targeted Case Management (TCM), Other SSA Allowable, Home Choice, and SSA Unallowable) from the County Board's TCM Units and Home Choice Units - SSA Gina Brown report in 2010 and Units Delivered Targeted Case Management By Service, Month, and Age Group report in 2011 with those statistics reported in *Schedule B-4*. We also footed the County Board's multiple detailed SSA unit reports that rolled up to the summarized SSA unit reports for accuracy.

We found differences exceeding two percent as reported in Appendix A (2010). We found no differences or computational errors in 2011. In addition, we determined the County Board provided Home Choice units in 2010 and was reimbursed for these units as TCM services. We did not identify an adjustment to the Home Choice Units as the units in error were under the 2 percent threshold; however, we reported a finding in the amount of \$1,025.00 which is included in the Paid Claims - Recoverable Finding – 2010 section.

2. DODD asked us to report variances if the Other SSA Allowable units tested had an error rate exceeding 10 percent.

We haphazardly selected two samples of 69 Other SSA Allowable units for 2010 and 60 Other SSA Allowable units for 2011 from the Unit Entry by Date Span report in 2010 and the Case Notes Listing for TCM Billing - Subtotaled by Consumer report in 2011 and determined if the case note documentation described activities listed in Ohio Admin. Code § 5101:3-48-01(D), and also included the documentation required by Ohio Admin. Code § 5101:3-48-01(F).

The units found to be in error did not exceed 10 percent of our sample for 2010 or 2011.

Statistics – Service and Support Administration (Continued)

3. DODD requested that we report variances if the SSA Unallowable units tested had an error rate exceeding 10 percent.

We haphazardly selected a sample of 60 Unallowable SSA service units for both 2010 and 2011 from the Detailed Units Marked Non Billable report in 2010 and Case Notes Listing for TCM Billing - Subtotaled by Consumer report in 2011 and determined if the case note documentation described activities listed in Ohio Admin. Code § 5101:3-48-01(D), and also included the documentation required by Ohio Admin. Code § 5101:3-48-01(F).

We found no errors in our 2010 sample. In 2011, the units found to be in error exceeded 10 percent of our sample and we reported variances in Appendix B.

4. DODD requested that we report decreases exceeding five percent in total SSA units by line on *Schedule B-4* when compared to the prior year's final Cost Report.

We compared the final 2009 SSA units to the final 2010 SSA units and compared the final 2010 SSA units to the final 2011 SSA units.

The final 2010 and 2011 Other SSA Allowable units decreased by more than five percent from the prior year's *Schedule B-4* and we obtained the County Board's explanation that more individuals enrolled in Medicaid. The final 2010 and 2011 SSA Unallowable units decreased by more than five percent from the prior year's *Schedule B-4* and we obtained the County Board's explanation that staff received better training on unallowable activities during this time frame. The final 2011 Home Choice units decreased by more than five percent from the prior year's *Schedule B-4* and we obtained the County Board's explanation that they did not participate in the Home Choice program in 2011. We reported no variances in Appendix A (2010) or Appendix B (2011).

5. DODD asked us to determine if the County Board maintained case note documentation for non-individual specific activities (general time units) as described in *Worksheet 9, Service and Support Administration Costs* of the Cost Report Guides. If the County Board did record general time units and they accounted for over 10 percent of total SSA units on the final *Schedule B-4* plus any general time units recorded, DODD requested us to determine if they were properly classified and report any variances with an error rate exceeding 10 percent and indicated a systemic issue.

We haphazardly selected a sample of 69 general time units for 2010 and 60 general time units for 2011 from the Non-Billable, General Time report in 2010 and Case Notes Listing for TCM Billing - Subtotaled by Consumer report in 2011 and determined if the case note documentation described activities listed in Ohio Admin. Code § 5101:3-48-01(D) or in *Worksheet 9, Service and Support Administration Costs*, Section 1(b) of the Cost Report Guides.

The units found to be in error did not exceed 10 percent of our sample for 2010 or 2011.

Revenue Cost Reporting and Reconciliation to the County Auditor Report

1. We compared the receipt totals from the 12/31/2010 and 12/31/2011 county auditor's Revenue Summary report for the General Operating (1340), Early Childhood Special Education Grant (1341), Part B IDEA Grant (1343), Capital Projects (4100) and Gift/Donation (8104) funds to the county auditor's report totals reported on the *Reconciliation to County Auditor Worksheets*.

We found no differences.

Revenue Cost Reporting and Reconciliation to the County Auditor Report (Continued)

2. DODD asked us to determine whether total County Board receipts reported in the *Reconciliation to County Auditor Worksheets* reconciled within 1/4 percent of the county auditor's yearly report of total receipts for these funds.

Total County Board receipts were within 1/4 percent of the county auditor's yearly receipt totals reported for these funds.

3. DODD asked us to compare the account description and amount for each revenue reconciling item on the *Reconciliation to County Auditor Worksheet* to the County Board's Revenue Transaction Ledger report and other supporting documentation such as county tax settlement sheets.

We did not perform this procedure since the total County Board receipts were within 1/4 percent of the county auditor's yearly receipt totals in procedure 2 above.

4. We compared revenue entries on *Schedule C Income Report* to the North East Ohio Network council of governments (COG) prepared County Board Summary Workbooks.

We found no differences.

5. We reviewed the County Board's Revenue Transaction Ledger report and *Schedule C, Income Report* to determine whether revenues are maintained separately to offset corresponding expense via the use of specific expenditure costs centers and identified any potential revenue offsets/applicable credits.

We identified the following sources of potential revenue credits for which the County Board did not offset costs on the Cost Reports in accordance with 2 CFR 225, Appendix A (C)(3)(c) and (4)(a):

- Miscellaneous refunds, reimbursements and other income in the amount of \$424,217 in 2010 and \$46,882 in 2011;
- IDEA Part B revenues in the amount of \$83,156 in 2010 and \$41,440 in 2011;
- IDEA Early Childhood Special Education revenues in the amount of \$12,448 in 2010 and \$11,133 in 2011;
- School Lunch Program revenues in the amount of \$9,380 in 2010 and \$8,401 in 2011; and
- Title XX revenues in the amount of \$84,831 in 2010 and \$109,073 in 2011.

Paid Claims Testing

1. We selected 100 paid claims among all service codes from 2010 and 2011 from the Medicaid Billing System (MBS) data and determined if the claims met the following service documentation requirements of Ohio Admin. Code §§ 5123:2-9-05, 5123-2-9-18(H)(1)-(2), and 5101:3-48-01(F):
 - Date of service;
 - Place of service;
 - Name of the recipient;
 - Name of the provider;
 - Signature of the person delivering the service or initials of the person delivering the service if the signature and corresponding initials are on file with the provider;
 - Type of service;

Paid Claims Testing (Continued)

- Number of units of the delivered service or continuous amount of uninterrupted time during which the service was provided; and
- Arrival and departure times of the provider of service's site visit to the recipient's location or of the recipient's visit to the provider of service's location.

For non-medical transportation services, we reviewed similar service documentation requirements to ensure compliance with Ohio Admin. Code § 5123:2-9-18 (H)(1)-(2) excluding H(1)(d),(f),(j) and H(2)(d),(f).

Recoverable Finding - 2010

Finding \$1,062.71

We determined the County Board was over reimbursed for Adult Day Support and Vocational Habilitation Combination - 15 minute units (AXF and FXF), Targeted Case Management (TCM), and Non-Medical Transportation - Per trip - Eligible Vehicle (ATB and FTB) services.

Service Code	Units	Review Results	Finding
AXF	31	Billed wrong procedure code resulting in overpayment	\$4.57
FXF	32	Billed wrong procedure code resulting in overpayment	\$4.70
TCM	137	Home Choice Units were billed as TCM	\$1,025.00
ATB	1	Supporting documentation did not match units billed	\$13.97
FTB	1	Supporting documentation did not match units billed	\$14.47
		Total	\$1,062.71

Recoverable Finding - 2011

Finding \$24.90

We determined the County Board was over reimbursed for Adult Day Support - 15 minute units (ADF).

Service Code	Units	Review Results	Finding
ADF	30	Billed wrong procedure code resulting in overpayment.	\$24.90

Recoverable findings are subject to interest collection pursuant to Ohio Rev. Code § 5164.60.

Additionally, the County Board's management could not provide supporting documentation necessary to confirm management's assumptions about the reasonableness of the premium service charge paid by the County Board for non-medical transportation by an operator of commercial vehicles. See procedure 6 in the Non-Payroll Expenditures and Reconciliation to the County Auditor Report section.

Paid Claims Testing (Continued)

2. DODD requested that we report variances if units reimbursed by Medicaid were more than the units reported in the Cost Reports.

We compared the number of reimbursed TCM units and Community Employment units from the MBS Summary by Service Code report, to the final units on *Schedule B-4, Quarterly Summary of Units of Service – Service and Support Administration, Line (1)(F), TCM Units* and to *Schedule B-1, Section B, Attendance Statistics, Line (4)(C), Supported Employment – Community Employment, 15 minute units*, respectively.

We found no instance where the Medicaid reimbursed units were greater than final TCM and Supported Employment - Community Employment units.

3. DODD asked us to report whether any reimbursements exceeded disbursements on *Schedule A, Summary of Service Costs- By Program* by two percent.

We compared the amounts reported on *Schedule A, Lines (20), Environmental Accessibility Adaptations to Line (25), Other Waiver Services* to the amount reimbursed for these services in 2010 and 2011 on the MBS Summary by Service Code reports.

The County Board did not report costs on *Schedule A, for Lines (20) to Line (25)*. We reviewed the MBS Summary by Service Code reports and found the County Board was not reimbursed for these services in 2010 and 2011.

Non-Payroll Expenditures and Reconciliation to the County Auditor Report

1. We compared the disbursement totals from the 12/31/2010 and 12/31/2011 county auditor's report listed on the *Reconciliation to County Auditor Worksheets* to the county auditor's Expense Summary report balances for the General Operating (1340), Early Childhood Special Education Grant (1341), Part B IDEA Grant (1343), Capital Projects (4100), and Gift/Donation (8104) funds.

We found no differences.

2. DODD asked us to determine whether total County Board disbursements reported in the *Reconciliation to County Auditor Worksheets* reconciled within 1/4 percent of the county auditor's yearly report of total disbursements for these funds.

Total County Board disbursements were within 1/4 percent of the county auditor's yearly disbursement totals reported for these funds.

3. DODD asked us to compare the account description and amount for each reconciling item on the *County Auditor Reconciliation Worksheets* to the County Board's State Expense Transaction Ledger reports and other supporting documentation such as tax settlement sheets.

We did not perform this procedure since total County Board disbursements were within 1/4 percent of the county auditor's yearly disbursement totals in procedure 2 above.

Non-Payroll Expenditures and Reconciliation to the County Auditor Report (Continued)

4. DODD asked us to compare the County Board's detailed disbursements to the amounts reported on worksheets 2 through 10, and report variances exceeding \$100 for service contracts and other expenses on any worksheet.

We compared all service contract and other expenses entries on worksheets 2 through 10 to the County Board's Expense Transaction Ledger reports.

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

5. We compared disbursement entries on *Schedule A, Summary of Service Costs – By Program* and worksheets 2 through 10 to the COG prepared County Board Summary Workbooks.

We found differences as reported in Appendix A (2010) and Appendix B (2011).

6. DODD asked us to determine whether the County Board's detailed disbursements were properly classified within two percent of total service contracts and other expenses for all worksheets and if any worksheet included disbursements over \$100 which are non-federal reimbursable under 2 CFR 225 Appendix B.

We scanned the County Board's Expense Transaction Ledger reports for service contracts and other expenses in the following columns and worksheets: Column (X) General Expense-All Programs on worksheets 2 through 8; Column (N) Service and Support Administration Costs on worksheet 9; and Columns (E) Facility Based Services, (F) Enclave, (G) Community Employment and (H) Unassigned Adult Program on worksheet 10 and reviewed documentation to identify disbursements not classified as prescribed by the Cost Report Guides or costs which are non-federal reimbursable under 2 CFR 225 Appendix B.

We found misclassified and non-federal reimbursable costs as reported in Appendix A (2010) and Appendix B (2011).

We also reviewed the agreement between the County Board and the Portage Area Regional Transportation Authority (PARTA) and noted the County Board was charged between \$7.25 and \$11.50 in 2010 and 2011 for each trip provided. These charges were higher than the \$4 published rate for the on demand routes charged the general public. The County Board stated the additional charge was for ensuring compliance with rules and safe driving conditions, coordinating services provided by PARTA, and scheduling and adjusting routes which the Board stated were guaranteed; however, the agreement stated that PARTA reserved the right to deny service if it interfered with the other previously scheduled service.

The County Board could not provide specific financial records (detail ledgers, financial budgets, etc.) to show how the rates in the agreement were developed or how they related to services specific to the County Board. The County Board provided no support to document its efforts to ensure that the expenses were a reasonable cost for the County Board to incur.

Recommendation:

We recommend that DODD provide technical assistance to the County Board to ensure that its costs for contracted services meet all applicable requirements as outlined in the Cost Report Guides, 2 CFR Part 225 and the Provider Reimbursement Manual (CMS Publication 15-1). The technical assistance should provide guidance on how the County Board can meet the requirement in Section 2103 to be a prudent and cost-conscious buyer that refuses to pay more than the going price for an item or service, and seeks to economize by minimizing cost. Implicit in the intention that actual costs be paid to the extent they are reasonable is the expectation that the provider seeks to minimize its costs and that its actual costs do not exceed what a prudent and cost conscious buyer pays for a given item or service.

In order to be allowable costs, costs must meet the criteria of 2 CFR 225; and the Provider Reimbursement Manual, CMS Publication 15-1. A section of the allowable cost requirement is the "reasonable cost" criteria. In order to be considered reasonable, costs shall not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In addition, CMS Publication 15-1, Section 2102.1 states: "The objective is that under the methods of determining costs, the costs for individuals covered by the program are not borne by others not so covered and the costs for individuals not so covered are not borne by the program."

In determining reasonableness of a given cost, OMB Circular A-87 states that consideration must be given to:

- whether the cost is of a type generally recognized as ordinary and necessary for the operation in performance of the function for which the cost was incurred;
- the restraints or requirements imposed by such factors as sound business practices; arm's length transactions; federal, state, and other laws and regulations; and terms and conditions of the federal award or entitlement;
- market prices for comparable goods or services;
- whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the County Board, its employees, the public at large, and the federal government; and
- significant deviations from the established practices of the County Board which may unjustifiably increase the federal awards' cost.

In addition, under CMS Publication 15-1, Section 2304, the County Board is required to have cost information that is "current, accurate, and in sufficient detail to support payments made for services rendered to beneficiaries. This includes all ledgers, books, records and original evidences of cost (purchase requisitions, purchase orders, vouchers, requisitions for materials, inventories, labor time cards, payrolls, bases for apportioning costs, etc.), which pertain to the determination of reasonable cost, capable of being audited." For example the contract could include a detailed budget by expense type to show the service components and corresponding costs for what the County Board is buying.

Non-Payroll Expenditures and Reconciliation to the County Auditor Report (Continued)

DODD should also implement procedures for detecting and investigating situations in which costs seem excessive. In addition to querying County Boards about indirect, as well as direct discounts, DODD may inquire if techniques for evaluating contract costs described in CMS Publication 15-1, Section 2135.3(D)(1) were used by the County Board, such as comparing a "contractor's package of services against a comparable package of services, including those which might have submitted competitive bids." Examples could include comparisons with other local commercial transportation providers including taxi services, and other paratransit providers such as ambulette providers. A second technique is "to divide a package of services into separate components so that they can be evaluated with comparable services provided in the marketplace." This method may require a detailed budget be submitted by the contractor so that cost components can be evaluated separately (e.g. number of vehicles and cost per vehicle, full time equivalent contractor staff used and cost per hour, fuel and training costs, etc.). A third method involves determining if contract costs were "evaluated based on whether the service is at least as cost effective as could be furnished by the Provider in-house" through a detailed cost comparison analysis using techniques described in the first two methods. This would entail more than comparing costs to the current waiver state rate. In those cases where DODD finds that a County Board is paying more than the going price for a service, does not try to realize available savings, or lacks clear justification for the excess service charge, DODD should exclude excess costs in determining allowable costs.

7. We scanned the County Board's Expense Transaction Ledger reports for items purchased during 2010 and 2011 that met the County Board's capitalization criteria and traced them to inclusion on the County Board's Depreciation Schedule.

We reported differences for purchases that were not properly capitalized as reported in Appendix A (2010). We reported differences for 2010 purchases to record their first year's depreciation in Appendix B (2011). However, we did not determine if 2011 purchases were properly capitalized in 2012. We found no unrecorded purchases meeting the capitalization criteria in 2011; however, in tracing 2011 purchases to the County Board's Depreciation Schedule, we found that the County Board had an error in adjustments made for the purchase of three buses on *Worksheet 8, Transportation Services*. We reported the differences in Appendix B (2011).

8. We haphazardly selected 40 disbursements from 2010 and 2011 from the County Board's Expense Transaction Ledger reports that were classified as service contract and other expenses on worksheets 2 through 10. 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 no differences exceeding two percent on any worksheet or any disbursements over \$100 which are non-federal reimbursable in 2010. We found differences in 2011 as reported in Appendix B (2011) for misclassified and non-federal reimbursable costs.

Property, Depreciation, and Asset Verification Testing

1. We compared the County Board'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 found no inconsistencies between the County Board's capitalization procedures and the guidelines listed above.

Property, Depreciation, and Asset Verification Testing (Continued)

2. We compared the County Board's final 2009 Depreciation Schedule to the County Board's 2010 and 2011 Depreciation Schedules for changes in the depreciation amounts for assets purchased prior to the periods under review which were not in compliance with the Cost Report Guides.

We found no differences.

3. DODD asked us to compare the depreciation costs reported in the County Board's Depreciation Schedule to the amounts reported on *Worksheet 1, Capital Costs*, and to report variances exceeding \$100.

We compared all depreciation entries reported on *Worksheet 1, Capital Costs* to the County Board's Depreciation Schedule.

We found differences as reported in Appendix A (2010). We found no differences exceeding \$100 in 2011.

4. We scanned the County Board's Depreciation Schedule for 2010 and 2011 for depreciation taken on the same asset more than once, assets that have been fully depreciated in prior years, or depreciation taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides.

We found no differences.

5. We haphazardly selected three of the County Board's fixed assets purchased in either 2010 or 2011 to determine if the useful lives agreed to the estimated useful lives prescribed in the 2008 American Hospital Association (AHA) Asset Guide. We also recomputed 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 and AHA Asset Guide.

We found no differences.

6. We haphazardly selected five disposed assets in 2010 and 2011 from the County Board's list of disposed assets and determined if the asset was removed from the County Board's fixed asset ledger. We also recalculated depreciation and any gain or loss applicable to 2010 and 2011 for the disposed items based on its undepreciated basis and any proceeds received from the sale of the asset to determine compliance with the Cost Report Guides and CMS Publication 15-1, Chapter 1.

We found no differences.

Payroll Testing

1. DODD asked us to determine whether total County Board salaries and benefits in the 2010 and 2011 Cost Reports were within two percent of the county auditor's report totals for the General Operating (1340), Early Childhood Special Education Grant (1341), Part B IDEA Grant (1343), Capital (5100) and Gift/Donation (8104) funds.

We totaled salaries and benefits from worksheets 2 through 10 from the 2010 and 2011 Cost Reports and compared the yearly totals to the county auditor's Expense Summary reports. The variance was less than two percent.

Payroll Testing (Continued)

2. DODD asked us to compare the County Board disbursements on the payroll reports to the amounts reported on worksheets 2 through 10, and to report variances exceeding \$100 for salaries or employee benefit expenses.

We compared all Salary and Employee Benefit entries on worksheets 2 through 10 to the County Board's payroll reports.

We found no differences exceeding \$100 on any worksheet in 2010. In 2011, we found differences as reported in Appendix B (2011).

3. We selected 40 employees and compared the County Board's payroll report and organizational chart to the worksheet in which each employee's salary and benefit costs were allocated to ensure allocation is consistent with the Cost Report Guides.

We found no differences in 2010. We reported differences in Appendix B (2011).

4. DODD asked us to scan the County Board's detailed payroll reports for 2010 and 2011 and compare classification of employees to entries on worksheets 2 through 10 to determine if salary and benefit costs were reported in accordance with the Cost Report Guides if the errors in procedure 3 above exceeded 10 percent.

We did not perform this procedure as the misclassification errors in procedure 3 above did not exceed 10 percent of the sample size.

Medicaid Administrative Claiming (MAC)

1. DODD asked us to contact its Random Moment Time Study (RMTS) Coordinator to report differences if the MAC salary and benefits versus the County Board's payroll records exceeded one percent or more.

We compared the salary and benefits entered on the MAC RMTS Summary reports to the County Board's payroll records.

We found no variance exceeding one percent.

2. We compared the original MAC RMTS Summary (RMTS) Report(s) to Worksheet 6, columns (I) and (O) for both years.

We reported differences in Appendix A (2010) and Appendix B (2011).

3. We compared Ancillary Costs on the Roll Up Report for the Ohio Department of Medicaid (ODM) report to Lines 6-10 of the *MAC Reconciliation Worksheet*.

We reported differences in Appendix A (2010) and Appendix B (2011).

Medicaid Administrative Claiming (Continued)

4. We selected 12 RMTS observed moments completed by employees of the County Board from the DODD RMTS Participant Moments Question and Answer report for the fourth quarter of 2010 and 14 RMTS observed moments from the third quarter of 2011 in which they documented their time spent on administering Medicaid-funded programs. We determined if supporting documentation of the County Board employees' activity for each observed moment was maintained and the observed moment was properly classified in accordance with DODD's Guide to Medicaid Administrative Claiming (MAC) using the Random Moment Time Studies (RMTS) Methodology for 2010 and 2011.

For 2011, we found one RMTS observed moment for Activity Code 6 - Facilitating Eligibility for Non-Medicaid Programs in which the supporting documentation reflected a different date than the selected RMTS observed moment.

We reported this instance of non-compliance to DODD. In response, DODD communicated to us that it is working with ODM to calculate findings for recovery, if needed.

Recommendation:

We recommend the County Board maintain documentation for RMTS observed moments in accordance with DODD's Guide to Medicaid Administrative Claiming (MAC) using the Random Moment Time Studies (RMTS) Methodology in the section Response and Documentation of Random Moment says in pertinent part, "Appropriate documentation should provide the detail needed to support the activity selected for the sample moment and clearly identify the date and time corresponding to the sampled moment."

The County Board submitted an official response to the results of these agreed-upon procedures which is presented in Appendix C. We did not examine the County Board's response and, accordingly, we express no opinion on it. Our conclusion is presented in Appendix D.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the County Board's Cost Reports. 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 County Board, DODD, ODM, 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.



Dave Yost
Auditor of State

January 5, 2015

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Appendix A
Portage County Board of Developmental Disabilities
2010 Income and Expenditure Report Adjustments

	<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	<u>Explanation of Correction</u>
Schedule B-1, Section A				
25. Non-Reimbursable (B) Adult	292	90	382	To include square footage rented by PI Inc.
25. Non-Reimbursable (C) Child	1,093	182	1,275	To include square footage rented by the ESC
Schedule B-1, Section B				
1. Total Individuals Served By Program (C) Supported Emp. - Community Employment	32	2	34	To correct individuals served
Schedule B-4				
5. SSA Unallowable Units (D) 4th Quarter	746	198	944	To correctly report SSA unallowable units
Worksheet 1				
5. Movable Equipment (N) Service & Support Admin	\$ 1,752	\$ (292)	\$ 1,460	To correct depreciation expense
8. COG Expenses (L) Community Residential	\$ 17,514	\$ (15,574)	\$ 1,940	To match COG report
8. COG Expenses (M) Family Support Services	\$ 4,379	\$ (3,885)	\$ 494	To match COG report
8. COG Expenses (N) Service & Support Admin	\$ -	\$ 41	\$ 41	To match COG workbook
8. COG Expenses (O) Non-Federal Reimbursable	\$ 3,304	\$ (2,973)	\$ 331	To match COG report
Worksheet 2				
3. Service Contracts (X) Gen Expense All Prgm.	\$ 138,357	\$ 294		To reclassify admin contract expenses
		\$ (784)	\$ 137,867	To reclassify non-federal reimbursable expenses
4. Other Expenses (O) Non-Federal Reimbursable	\$ -	\$ 784		To reclassify non-federal reimbursable expenses
		\$ 2,920	\$ 3,704	To reclassify non-federal reimbursable expenses
4. Other Expenses (X) Gen Expense All Prgm.	\$ 110,601	\$ (2,920)	\$ 107,681	To reclassify non-federal reimbursable expenses
5. COG Expenses (L) Community Residential	\$ 326,547	\$ (228,037)	\$ 98,510	To match COG report
5. COG Expense (M) Family Support Services	\$ 81,652	\$ (56,540)	\$ 25,112	To match COG report
5. COG Expense (N) Service & Support Admin	\$ 5,436	\$ (3,352)	\$ 2,084	To match COG report
5. COG Expense (O) Non-Federal Reimbursable	\$ 61,604	\$ 33,215	\$ 94,819	To match COG report
10. Unallowable Fees (O) Non-Federal Reimbursable	\$ 302,296	\$ 134,494	\$ 436,790	To reclassify contingent billing fees
Worksheet 2A				
3. Service Contracts (D) Unasgn Children Program	\$ 8,636	\$ (1,560)	\$ 7,076	To reclassify non-federal reimbursable expenses
3. Service Contracts (G) Community Employment	\$ -	\$ -		
3. Service Contracts (H) Unasgn Adult Program	\$ 6,942	\$ (1,430)	\$ 5,512	To reclassify non-federal reimbursable expenses
4. Other Expenses (O) Non-Federal Reimbursable	\$ -	\$ 1,560		To reclassify non-federal reimbursable expenses
		\$ 1,430	\$ 2,990	To reclassify non-federal reimbursable expenses
Worksheet 2A (Continued)				
5. COG Expenses (L) Community Residential	\$ 35,221	\$ (35,221)	\$ -	To match COG report
5. COG Expenses (M) Family Support Services	\$ 8,807	\$ (8,807)	\$ -	To match COG report
5. COG Expenses (N) Service & Support Admin	\$ 586	\$ (586)	\$ -	To match COG report
5. COG Expenses (O) Non-Federal Reimbursable	\$ 6,644	\$ (6,644)	\$ -	To match COG report
Worksheet 3				
3. Service Contracts (E) Facility Based Services	\$ 91,645	\$ (6,820)	\$ 84,825	To reclassify capital asset acquisition

Appendix A (page 2)
Portage County Board of Developmental Disabilities
2010 Income and Expenditure Report Adjustments

	<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	<u>Explanation of Correction</u>
Worksheet 5				
3. Service Contracts (O) Non-Federal Reimbursable	\$ 168,156	\$ (134,494)	\$ 33,662	To reclassify contingent billing fees
4. Other Expenses (D) Unasgn Children Program	\$ 21,253	\$ (162)	\$ 21,091	To reclassify non-federal reimbursable expenses
4. Other Expenses (O) Non-Federal Reimbursable	\$ 2,668	\$ 162	\$ 2,830	To reclassify non-federal reimbursable expenses
5. COG Expenses (L) Community Residential	\$ -	\$ 666,786	\$ 666,786	To match COG report
5. COG Expenses (M) Family Support Services	\$ -	\$ 169,977	\$ 169,977	To match COG report
5. COG Expenses (O) Non-Federal Reimbursable	\$ -	\$ 113,661	\$ 113,661	To match COG report
Worksheet 6				
1. Salaries (I) Medicaid Admin	\$ 182,406	\$ (832)	\$ 181,574	To correct MAC salaries
1. Salaries (O) Non-Federal Reimbursable	\$ 127,614	\$ 832	\$ 128,446	To correct MAC salaries
Worksheet 9				
5. COG Expenses (N) Service & Support Admin. Costs	\$ -	\$ 14,108	\$ 14,108	To reclassify [type of expense]
Worksheet 10				
3. Service Contracts (G) Community Employment	\$	\$	\$ -	
3. Service Contracts (H) Unasgn Adult Program	\$	\$	\$ -	
4. Other Expenses (E) Facility Based Services	\$ 53,400	\$ (537)	\$ 52,863	To reclassify non federal reimbursable costs
4. Other Expenses (O) Non-Federal Reimbursable	\$ 25,000	\$ (25,000)		To reclassify RSC match payment
		\$ 537	\$ 537	To reclassify non federal reimbursable costs
Reconciliation to County Auditor Worksheet				
Expense:				
Plus: Purchases Greater Than \$5,000	\$ 763,223	\$ 186		To correct capital acquisitions total
		\$ 6,820	\$ 770,229	To reclassify capital asset acquisition
Plus: RSC Match	\$ -	25,000	\$ 25,000	To reclassify RSC match payment
Less: Capital Costs	\$ (377,440)	\$	\$ (377,440)	To reconcile depreciation expense
Medicaid Administration Worksheet				
6- Ancillary Costs (A) Reimbursement	\$ 6,669	\$ 6,307	\$ 12,976	To record ancillary costs
10. Requested Through Calendar Year				

Appendix B
Portage County Board of Developmental Disabilities
2011 Income and Expenditure Report Adjustments

	<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	<u>Explanation of Correction</u>
Schedule B-1, Section A				
1. Building Services (B) Adult	4,835	(450)	4,385	To adjust for data input error
Schedule B-4				
2. Other SSA Allowable Units (D) 4th Quarter	1,538	4	1,542	To reclassify other allowable units
5. SSA Unallowable Units (D) 4th Quarter	944	(1)		To remove miscalculated unit
		(3)		To remove general time units
		(4)	936	To reclassify other allowable units
Worksheet 1				
2. Land Improvements (E) Facility Based Services	\$ 4,864	\$ 767	\$ 5,631	To record depreciation
8. COG Expenses (L) Community Residential	\$ 4,257	\$ (3,804)	\$ 453	To match COG workbook
8. COG Expenses (M) Family Support Services	\$ 2,089	\$ (1,874)	\$ 215	To match COG workbook
8. COG Expenses (N) Service & Support Admin	\$ 251	\$ (192)	\$ 59	To match COG workbook
8. COG Expenses (O) Non-Federal Reimbursable	\$ 1,976	\$ (1,769)	\$ 207	To match COG workbook
Worksheet 2				
3. Service Contracts (X) Gen Expense All Prgm.	\$ 189,089	\$ (390)	\$ 188,699	To reclassify non-federal reimbursable expenses
4. Other Expenses (O) Non-Federal Reimbursable	\$ 9,572	\$ 390		To reclassify non-federal reimbursable expenses
		\$ 6,602	\$ 16,564	To reclassify non-federal reimbursable expenses
4. Other Expenses (X) Gen Expense All Prgm.	\$ 115,002	\$ (6,602)	\$ 108,400	To reclassify non-federal reimbursable expenses
5. COG Expenses (L) Community Residential	\$ 89,990	\$ (89,990)	\$ -	To match COG workbook
5. COG Expense (M) Family Support Services	\$ 44,165	\$ (44,165)	\$ -	To match COG workbook
5. COG Expense (N) Service & Support Admin	\$ 5,297	\$ (5,297)	\$ -	To match COG workbook
5. COG Expense (O) Non-Federal Reimbursable	\$ 41,774	\$ (41,774)	\$ -	To match COG workbook
10. Unallowable Fees (O) Non-Federal	\$ 273,625	\$ 60,966	\$ 334,591	To reclassify contingent billing fees
Worksheet 2A				
1 Salaries (N) Service & Support Admin	\$ 23,752	\$ 1,941		To reclassify MAC salaries
		\$ 4,478	\$ 30,171	To reclassify MAC salaries
3. Service Contracts (D) Unasgn Children	\$ 8,311	\$ (4,162)	\$ 4,149	To reclassify copier expenses
3. Service Contracts (H) Unasgn Adult Program	\$ 4,744	\$ (1,369)	\$ 3,375	To reclassify copier expenses
4. Other Expenses (D) Unasgn Children Program	\$ 5,305	\$ (122)	\$ 5,183	To reclassify copier expenses
5. COG Expenses (L) Community Residential	\$ 9,760	\$ 18,671	\$ 28,431	To match COG workbook
5. COG Expenses (M) Family Support Services	\$ 4,790	\$ (1,275)	\$ 3,515	To match COG workbook
5. COG Expenses (N) Service & Support Admin	\$ 574	\$ 3,148	\$ 3,722	To match COG workbook
5. COG Expenses (O) Non-Federal Reimbursable	\$ 4,531	\$ 279,608	\$ 284,139	To match COG workbook
Worksheet 3				
1. Salaries (X) Gen Expense All Prgm.	\$ 212,999	\$ 140	\$ 213,139	To reclassify K. Keele salary
2. Employee Benefits (X) Gen Expense All Prgm.	\$ 85,586	\$ 20	\$ 85,606	To reclassify K. Keele benefits
Worksheet 4				
1. Salaries (D) Unasgn Children Program	\$ 46,545	\$ (140)	\$ 46,405	To reclassify K. Keele salary
2. Employee Benefits (D) Unasgn Children	\$ 33,324	\$ (20)	\$ 33,304	To reclassify K. Keele benefits
4. Other Expenses (D) Unasgn Children Program	\$ 18,627	\$ (1,088)	\$ 17,539	To reclassify school expenses

Appendix B (page 2)
Portage County Board of Developmental Disabilities
2011 Income and Expenditure Report Adjustments

	<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	<u>Explanation of Correction</u>
Worksheet 5				
1. Salaries (D) Unasgn Children Program	\$ 228,390	\$ (72)	\$ 228,318	To reclassify D. Wachsberger salary
1. Salaries (O) Non-Federal Reimbursable	\$ 118,778	\$ (118,006)		To reclassify MAC salaries
		\$ 34,503		To reclassify MAC salaries
		\$ (21,684)	\$ 13,591	To reclassify MAC salaries
2. Employee Benefits (D) Unasgn Children Program	\$ 81,725	\$ (11)	\$ 81,714	To reclassify D. Wachsberger benefits
2. Employee Benefits (O) Non-Federal Reimbursable	\$ 34,663	\$ (38,514)		To reclassify MAC benefits
		\$ 3,851	\$ -	To reclassify MAC benefits
3. Service Contracts (D) Unasgn Children	\$ 143,144	\$ (1,560)		To reclassify non-federal reimbursable
		\$ 4,162	\$ 145,746	To reclassify copier expenses
3. Service Contracts (O) Non-Federal	\$ 61,054	\$ (60,966)	\$ 88	To reclassify contingent billing fees
4. Other Expenses (D) Unasgn Children Program	\$ 29,524	\$ 1,088		To reclassify school expenses
		\$ (896)		To reclassify non-federal reimbursable expenses
		\$ 122	\$ 29,838	To reclassify non-federal reimbursable expenses
4. Other Expenses (O) Non-Federal Reimbursable	\$ 2,666	\$ 1,560		To reclassify non-federal reimbursable expenses
		\$ 896	\$ 5,122	To reclassify non-federal reimbursable expenses
5. COG Expenses (L) Community Residential	\$ 325,138	\$ (325,138)	\$ -	To match COG workbook
5. COG Expenses (M) Family Support Services	\$ 159,571	\$ (159,571)	\$ -	To match COG workbook
5. COG Expenses (O) Non-Federal	\$ 150,932	\$ (150,932)	\$ -	To match COG workbook
Worksheet 6				
1. Salaries (O) Non-Federal Reimbursable	\$ -	\$ 118,006		To report MAC salaries
		\$ 37,354	\$ 155,360	To reclassify MAC salaries
2. Benefits (O) Non-Federal Reimbursable	\$ -	\$ 38,514	\$ 38,514	To reclassify MAC benefits
Worksheet 7-B				
5. COG Expenses (L) Community Residential	\$ -	\$ 25,683	\$ 25,683	To match COG workbook
Worksheet 7-C				
1. Salaries (D) Unasgn Children Program	\$ 146,670	\$ 72	\$ 146,742	To reclassify D. Wachsberger salary
2. Employee Benefits (D) Unasgn Children	\$ 48,719	\$ 11	\$ 48,730	To reclassify D. Wachsberger benefits
Worksheet 8				
1. Salaries (D) Unasgn Children Program	\$ 257,922	\$ 460	\$ 258,382	To reclassify D. Molton salary
2. Employee Benefits (D) Unasgn Children	\$ 192,963	\$ 71	\$ 193,034	To reclassify D. Molton benefits
4. Other Expenses (E) Facility Based Services	\$ 49,905	\$ (49,905)	\$ -	To remove for capital purchase of 3 buses
4. Other Expenses (O) Non-Federal Reimbursable	\$ 200	\$ 627	\$ 827	To reclassify non-federal reimbursable expenses
4. Other Expenses (X) Gen Expense All Prgm.	\$ 335,154	\$ (627)		To reclassify non-federal reimbursable expenses
		\$ 52,905	\$ 387,432	To correct error in adjustment for purchase of 3 buses that was posted to wrong cell
Worksheet 9				
1. Salaries (N) Service & Support Admin. Costs	\$ 1,212,358	\$ (17,612)		To reclassify MAC salaries
		\$ (42,832)	\$ 1,151,914	To reclassify MAC salaries
4. Other Expenses (N) Service & Support Admin. Costs	\$ 35,063	\$ (205)	\$ 34,858	To reclassify non-federal reimbursable expenses
4. Other Expenses (O) Non-Federal Reimbursable	\$ -	\$ 205	\$ 205	To reclassify non-federal reimbursable expenses
5. COG Expenses (N) Service & Support Admin. Costs	\$ 19,138	\$ (19,138)	\$ -	To match COG workbook

Appendix B (page 3)
Portage County Board of Developmental Disabilities
2011 Income and Expenditure Report Adjustments

	<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	<u>Explanation of Correction</u>
Worksheet 10				
1. Salaries (E) Facility Based Services	\$ 2,586,802	\$ (460)	\$ 2,586,342	To reclassify D. Molton salary
2. Employee Benefits (E) Facility Based Services	\$ 978,113	\$ (71)	\$ 978,042	To reclassify D. Molton benefits
3. Service Contracts (E) Facility Based Services	\$ 367,574	\$ (1,560)	\$ 366,014	To reclassify non-federal reimbursable expense
3. Service Contracts (H) Unasgn Adult Program	\$ -	\$ 1,369	\$ 1,369	To reclassify copier expenses
4. Other Expenses (E) Facility Based Services	\$ 37,631	\$ (537)	\$ 37,094	To reclassify non-federal reimbursable expense
4. Other Expenses (O) Non-Federal Reimbursable	\$ 169,111	\$ 1,560		To reclassify non-federal reimbursable expense
		\$ 537		To reclassify non-federal reimbursable expense
		\$ (25,000)	\$ 146,208	To reclassify RSC match payment
Reconciliation to County Auditor Worksheet				
Expense:				
Plus: Purchases Greater than \$5,000	\$ 232,187	\$ (3,000)	\$ 229,187	To correct purchases greater than \$5,000 total
Plus: RSC Match	\$ -	\$ 25,000	\$ 25,000	To reclassify RSC match payment
Less: Capital Costs	\$ (414,360)	\$ (767)	\$ (415,127)	To reconcile depreciation expense
Medicaid Administration Worksheet				
6- Ancillary Costs (A) Reimbursement	\$ -	\$ 20,540	\$ 20,540	To record ancillary costs
10. Requested Through Calendar Year				

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Appendix C

The letter that follows is the County Board's official response to the agreed-upon procedures.



PORTAGE COUNTY BOARD OF
**DEVELOPMENTAL
DISABILITIES**

Making the difference in meeting lifelong needs

April 13, 2015

Mr. Jeffrey Hamilton
Senior Audit Manager
Auditor of State

RE: Response to the Portage County Board of Developmental Disabilities' Agreed Upon Procedures Report for the periods of 1/1/10-12/31/10 and 1/1/11-12/31/11

Dear Mr. Hamilton:

Thank you and Mr. DiCicco for taking the time to review the Agreed Upon Procedures Report with the Portage County Board of Developmental Disabilities' (Board) Superintendent, Director of Business Management, and Business Management Supervisor.

We would like to have this response included with the report to be released to the Department of Ohio Developmental Disabilities (DODD).

Page 5, Statistics – Service and Support Administration (SSA): the third paragraph indicates that the auditors "...did not identify an adjustment to the Home Choice Units as the units in error were under the 2 percent threshold; however, we reported a finding in the amount of \$1,025.00 which is included in the Paid Claims – Recoverable Finding – 2010 section." The Director of Business Management did tell the auditors that the Board's billing company had indicated that these corrected units were uploaded to the state Medicaid billing system on May 21, 2014 to reverse the \$1,025.00 payment. A copy of the file sent to the state was shared with the auditors on March 23, 2015 at the exit conference (file #M6700010140521002). The Board is in agreement that these units were coded and/or billed incorrectly initially, however, this reversal effectively corrects the billing error by the Board's billing company. As these units were corrected through the state Medicaid billing system, there should not be a further finding for these units.

Page 7, Revenue Cost Reporting and Reconciliation to the County Auditor Report (Continued) section 5.: the second paragraph identifies "...the following sources of potential revenue credits for which the County Board did not offset costs on the Cost Reports in accordance with 2 CFR 225, Appendix A (C)(3)(c) and (4)(a):..." As noted in the exit conference, the Board was given direction from the Auditor of State's office for the 2008/2009 audit indicating that the offset revenues in this area were being removed from the Income and Expense Report until further direction was received from DODD.

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Transportation 330.297.6462 Fax 330.297.8986 www.portagedd.org

PCBDD does not discriminate in provision of services or employment because of handicap, race, color, creed, national origin, sex, or age.



Page 8, Paid Claims Testing (Continued), Recoverable Finding -2010, again, please note that the Board did send in a correction for the Home Choice units incorrectly billed as TCM in a negative amount of \$1,025.00. The Board agrees that this incorrect payment should be reversed, but do not want the reversal made twice, through the Medicaid billing system and through this audit settlement (see page 5 explanation above).

Page 5, Statistics – Transportation and Page 9, Paid Claims Testing and Page 10-12, Non-Payroll Expenditures and Reconciliation to the County Auditor Report: This portion of the Board's response addresses the Report's conclusions regarding the Board's contract with the Portage Area Regional Transportation Authority ("PARTA"), which found that the Board "...had no support for the excess service charge paid for the commercial transportation" and that the Board did "...not provide supporting documentation necessary to confirm management's assumptions about the reasonableness of the premium service charge paid by the County Board for commercial transportation." The Board did not subcontract for "commercial transportation." Rather, the Board subcontracted with a local transit authority, PARTA, for non-medical transportation, a specialized service under Ohio's Medicaid waivers. Because the Board was subcontracting for non-medical transportation and required PARTA to provide transportation services different than those PARTA provided to the general public, the Board agreed to pay a higher rate than the standard fare charged to the general public. The Report's conclusion that the Board "...had no support for the excess service charge paid..." to PARTA is in error. The contract between PARTA and the Board provided all the support necessary to justify a higher rate, and explain the difference between the services provided to the Board as compared to those provided to the general public. Specifically, the contract called for PARTA to provide door-to-door service on dedicated routes for individuals served by the Board. Routes and riders were scheduled in advance between the Board and PARTA; unlike the general public, individuals served by the Board did not have to contact PARTA for a ride. Among other things, the contract stipulates/requires:

- Specialized training for PARTA's drivers, including, but not limited to, MUI training and sensitivity training related to serving individuals with DD;
- Guaranteed drop-off and pick-up times;
- Transportation services in extraordinary circumstances when requested by the Board for individuals who must leave work before his/her scheduled end time and PARTA's scheduled pick-up time;
- A mechanism through which individuals with developmental disabilities (DD) could contact key PARTA personnel at dispatch during days and times when PARTA's general office was closed;
- A requirement for PARTA to contact the Board and Townhall II regarding all incidents related to health and safety of Board-eligible individuals provided transportation through the

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Making the difference in meeting lifelong needs

agreement within the timeframes and guidelines of OAC 5123:2-17-02, whereas the general public riders do not have this requirement;

- Expanded service area in the outlying townships of Freedom, Nelson, Garrettsville, Windham, Hiram, Charleston, Deerfield, and Atwater area;
- Expanded service times for services between 6:00 p.m. and 5:00 a.m.;
- A requirement for PARTA to report the number of trips provided monthly in a format useable for Medicaid billing as well as provide documentation of services as required by OAC 5123:2-9-18, including date of service, name of individual receiving service, name of provider, and the provider identifier;
- A requirement for PARTA to comply with the HIPAA Privacy Rule and undertake additional administrative responsibilities to implement safeguards related to the protection of individuals' protected health information.

The Agreed Upon Procedures report for the 2010-2011 time period is also in error when it states that the "Board did "...not provide supporting documentation to confirm management's assumptions about the reasonableness of the premium service charge paid" to PARTA. The auditors were providing information on the Income and Expenditure reports to verify the Board's costs for providing non-medical transportation services per trip for 2010 and 2011 were approximately \$29 and \$38, respectively. Portage's cost of doing business category for non-medical transportation caps the Medicaid payment at \$19.70 per trip. The Agreed Upon Procedures report itself states that one method of "determining if contract costs were evaluated based on whether the service is at least as cost effective as could be furnished by the Provider in-house through a detailed cost comparison analysis using techniques described in the first two methods." With respect to this method, CMS Publication 15.1, Section 2135.3.D.1 actually states:

A unique or highly specialized service which does not lend itself to comparability in the marketplace may be evaluated based on whether the service is at least as cost effective as could be furnished by the provider in-house. ...

The Board bought one service – non-medical transportation. The Board is not aware of any other agency in Portage County that could provide this service for the large volume of individuals to be transported at any one time. The service provided by PARTA was more cost effective than if the Board had provided the service itself.

The Report states that the Board did not "...provide specific financial records (detail ledgers, financial budgets, etc.) to show how the rates in the agreement were developed or how they related to services specific to the County Board." The Board provided detail ledgers showing payments to PARTA, copies of relevant contracts with PARTA, copies of invoices from PARTA, detail

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documentation on trips provided by individual by date, copies of requested Medicaid billings, and any other Board financial records requested. The Board also explained how the contract's fees were negotiated with PARTA. The recommendation on page 11 for the Board to provide cost information in the form of obtaining the contract vendor's "...detailed budget by expense type to show the service components and corresponding costs for what the County Board is buying" seems to go beyond the requirements of the law. We believe that we demonstrated compliance with the area of the report that states that the Board is required to have cost information that is "current, accurate, and in sufficient detail to support payments made for services rendered to beneficiaries" and that the requirements and documentation are beyond what is required for the general public. The Board's documentation for the contracts and invoices supports the payments that were made for the services detailed in the agreement.

The Board acted as a prudent buyer. Given the level of service provided to the Board by PARTA, these rates were eminently reasonable under the circumstances.

Page 15, Medicaid Administrative Claiming, section 4.: the second paragraph states that "For 2011, we found one RMTS observed moment for Activity Code 6 – Facilitating Eligibility for Non-Medicaid Programs in which the supporting documentation reflected a different date than the selected RMTS observed moment." The supervisor in question was reviewing an eligibility determination form. She did not copy the form prior to completing it at a later date. The moment was not a billable moment under the Medicaid Administrative Claiming program.

Due to a requirement in the reporting process, the Council of Government (COG) for which the Board is a member provides the Board with a calendar year-end report indicating where costs are to be placed on the Board Income and Expenditure report. The Board cannot revise the information from the COG and must include the information in the Board's report. We note that many of the adjustments at the end of the Agreed Upon Procedures report indicate and explanation of "to match COG workbook." These adjustments are due to the auditor's revision of the COG's report, for which the Board does not control.

Sincerely,

Omar Nagi
Superintendent

Diane Cotton
Director of Business Management

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Appendix D

Auditor of State's Conclusion:

Service and Support Administration and Paid Claims Testing:

After consultation with DODD, there is no record in MBS documenting a reversal for the \$1,025.00 recoverable finding related to billing for Home Choice units. In addition, the date on which the County Board reported that the claims were reversed, May 21, 2014, is outside of DODD's reported time frame for adjusting claims. Therefore, the recoverable finding for 2010 remains unchanged.

Revenue Cost Reporting and Reconciliation to County Auditor Report:

We identified potential revenue offsets in the report, but did not identify corresponding adjustments to the Cost Report in Appendix A (2010) or Appendix B (2011). We recommend the County Board work with DODD to ensure that future Cost Reports reflect revenue credits that offset reported costs in accordance with 2 CFR 225, Appendix A (C)(3)(c) and (4)(a).

Transportation, Paid Claims, and Non-payroll Expenditures and Reconciliation to County Auditor Report:

The County Board did not provide us with any documentation or analysis performed to ensure the reasonableness of costs related to the non-medical transportation services at the time the services were purchased (see CMS Publication 15-1, Section 2135.3(D)). Our recommendation remains unchanged. We clarified language in the report that the County Board purchased non-medical transportation services by an operator of commercial vehicles.

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Dave Yost • Auditor of State

PORTAGE COUNTY BOARD OF DEVELOPMENTAL DISABILITIES

PORTAGE 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
MAY 12, 2015**