



Dave Yost • Auditor of State



**QUADCO REHABILITATION CENTER  
ADMINISTRATIVE BOARD and NON-PROFIT OPERATION  
WILLIAMS COUNTY**

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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, 13<sup>th</sup> 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 Quadco Rehabilitation Center – Administrative Board and Non-Profit Operation (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*<sup>1</sup> for the year ended December 31, 2010 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 COG'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.

### Revenue Testing

1. DODD requested that we 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 2010 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C, Income Report of the County Summary Workbooks*.

We found differences as reported in Appendix A.

2. We scanned the COG's General Ledger Detail report to determine if any transfers were recorded on the *Cost Report* or the *County Summary Workbooks*.

We found no transfers that were reported on the *Cost Report* or the *County Summary Workbooks*.

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<sup>1</sup> The COG recorded receipts and disbursements on behalf of the 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: Defiance, Fulton, Henry, and Williams.

**Revenue Testing (Continued)**

3. DODD asked us to obtain the Title XX Units of Service Log for the 2nd quarter and select a sample of 10 percent to verify with the supporting service documentation and to also verify that these Title XX claims were not billed to both TXX and Medicaid for the same service date and individual.

We obtained the Title XX Units of Service Log for the 2nd quarter and compared the total number of units on this report with DODD's Title XX Data Export report to ensure total units matched. We then selected six Title XX claims and reviewed supporting documentation to ensure it matched each selected claim. We also reviewed services reimbursed through the Medicaid Billing System (MBS) to determine if the County Boards billed for a similar service for the same recipient and date of service.

We found no differences related to service documentation. However, we found that three services were billed to both Title XX and Medicaid. These three services were billed to Medicaid by the Henry County Board of Developmental Disabilities as Adult Day Support and Vocational Habilitation Combination – Daily unit (FXD) and were billed by the COG to Title XX as Supported Employment Services - Small Group (727.01).

DODD asked us to obtain the Title XX Units of Service Log for the 1<sup>st</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters and determine if the Henry County Board of Developmental Disabilities billed a similar service for the same recipient and date of service to Medicaid that were also billed by the COG to Title XX. We found an additional 24 services were billed by the Henry County Board of Developmental Disabilities to Medicaid that the COG billed to Title XX for the same individual on the same date of service as noted above. As a result, we identified a recoverable finding for the combined 27 units.

**Recoverable Finding – 2010                      Finding \$1,656.99**

<b>Service Code</b>	<b>Units</b>	<b>Review Results</b>	<b>Finding</b>
727.01	27	Units billed to both Medicaid and Title XX	\$1,656.99

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

**Trial Balance Analysis and Non-Payroll Expenditures Testing**

1. DODD asked us to compare the COG's total assets to total liabilities plus equity on the trial balance report.

Although the COG reports on an accrual basis, it operates on a fiscal year end of September 30th and its accounting system software cannot generate trial balance reports; therefore, we were unable to compare assets to liabilities plus equity at the end of calendar year 2010. However, we did compare the COG's total assets to total liabilities plus equity on the Combined Statements of Financial Position which are a part of the audited Combined Financial Statements for the Year Ended September 30, 2009 and Year Ended September 30, 2010.

We found no differences.

2. DODD asked us to compare the COG's disbursements on the trial balance report and general ledger reports to *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the 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.

### **Trial Balance Analysis and Non-Payroll Expenditures Testing (Continued)**

We compared the service contracts, other expenses and COG expenses on *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* to disbursements on the COG's original 2010 Calendar Year General Ledger Detail report. We noted the COG's reported expenses were based on the accrual basis and included non-cash transactions.

We received a revised 2010 Calendar Year General Ledger Detail report and prepared a Crosswalk by Department Code report to determine actual cash basis non-payroll expenditures by program and allocated costs between the member County Boards and programs using statistics from the 2010 Daily Attendance By Funding Source report, Williams and Defiance Bus Trip reports and Non-DD Consumer Transportation Trip reports. We then used the Crosswalk by Department Code report for the comparison.

We found differences exceeding \$100 as reported in Appendix A.

3. DODD asked us to determine whether the COG's disbursements were properly classified within two percent of total service contracts, other expenses and COG expenses for worksheets 2 through 5 of the 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 revised Calendar Year General Ledger report for service contracts, other expenses and COG expense rows on worksheets 2 through 5 of the COG cost report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* and reviewed documentation to identify disbursements not classified according to the Cost Report Guides or costs which are non-federal reimbursable under 2 CFR 225 Appendix B.

We found misclassified costs and non-federal reimbursable costs as reported in Appendix A.

4. We haphazardly selected a sample of 60 non-payroll disbursements from the revised 2010 Calendar Year General Ledger Detail report that were classified as total service contracts, other expenses or COG expenses on worksheets 2 through 5 of the 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 revised Calendar Year General Ledger report for items purchased during 2010 that met the COG's capitalization criteria and traced them to inclusion on the COG's fixed asset listing.

We found unrecorded purchases meeting the capitalization criteria as reported in Appendix A.

## Payroll Testing

1. DODD asked us to determine if employee salaries on the COG's payroll register and general ledger were properly classified on the Cost Report or the *County Summary Workbooks* within one percent of total payroll costs on the COG's trial balance.

We noted the COG reported payroll expenses based on the accrual basis in its 2010 original Calendar Year General Ledger Detail report. Therefore, we received a 2010 Actual Payroll Report with salaries detail and a revised 2010 Calendar Year General Ledger Detail report with benefits detail and prepared a revised 2010 Actual Payroll Report to determine actual cash basis non-payroll expenditures by program and allocated costs between the member County Boards and programs using statistics from the 2010 Daily Attendance By Funding Source report, Williams and Defiance Bus Trip reports and Non-DD Consumer Transportation Trip reports.

We then compared the salaries and benefits on worksheets 2 through 5 of the Cost Report and worksheets 2 through 10 of the *County Summary Workbooks* to payroll disbursements on the COG's revised 2010 Actual Payroll Report and 2010 Cost report Crosswalk report.

We found differences exceeding one percent as reported in Appendix A.

2. DODD asked us to compare the total payroll costs on the COG's trial balance to total payroll costs on the Cost Report and the *County Summary Workbooks* and report variances exceeding one percent of total payroll costs on the COG's trial balance.

The COG could not generate a trial balance report; therefore, we compared total payroll costs per the COG's original 2010 Calendar Year General Ledger Detail report to the Cost Report and the *County Summary Workbooks*.

We found variances over one percent and noted the COG's reported expenses were based on the accrual basis and excluded non-profit operational costs. After procedure 1 was performed and corresponding adjustments were made, we compared total payroll costs per the COG's revised 2010 Actual Payroll Report to the final Cost Report and the final *County Summary Workbooks*.

We found no differences exceeding one percent.

3. We selected a haphazard sample of five employees and compared the COG's organizational chart and 2010 Cross walk report to the worksheet on the Cost Report or the *County Summary Workbooks* in which each employee's salary and benefit costs were allocated to ensure the allocation is consistent with the Cost Report Guides. DODD asked us to report differences greater than two percent of the total wage and benefit of any worksheet affected.

We found differences; however, these were adjusted under procedure 1.

4. DODD asked that we scan the COG's payroll report for 2010 and compare classification of employees to entries on the Cost Report and *County Summary Workbooks* to determine if salary and benefit costs were reported in accordance with the Cost Report Guides.

We found differences; however, these were adjusted under procedure 1.

### Property, Depreciation, and Asset Verification Testing

1. We compared 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 noted the COG's procedures did not include a salvage value as required and did not address the period of acquisition or useful life.

### Recommendation:

We recommended the County Board revise its capitalization procedure to be in compliance with the requirements of the Cost Report Guide in section *Worksheet 1, Capital Costs* which states in pertinent part, "In order to determine capital costs to be reported on *Worksheet 1* and substantiate that determination, each county mrdd board must establish and maintain an ongoing record or ledger of asset acquisition and placed in service and depreciation calculation. It is essential the asset records be organized by all applicable program categories listed on Schedule A when used in all or more than one program. Further organization within each program should be by category of asset: Land, Land Improvements, Buildings, Building Fixtures and Improvements and Major Movable Equipment. The asset record or ledger must be structured to include asset description, asset number corresponding to the tagged asset, purchase date, useful life, historical cost, salvage value (minimum 10%), current depreciation amount calculated using the straight-line method and accumulated depreciation amount."

2. DODD asked us to compare the COG's depreciation schedule to *Worksheet 1, Capital Costs* of the Cost Report and report any variances exceeding \$100.

The COG did not have a December 31, 2010 Depreciation schedule. Therefore, we combined the COG's End of Year Summary Report for the periods ending September 30, 2010 and September 30, 2011 and created a 2010 depreciation schedule incorporating errors identified in procedure 3. We compared all the depreciation entries on *Worksheet 1, Capital Costs* of the Cost Report to the 2010 depreciation schedule.

We found differences exceeding \$100 as reported in Appendix A.

3. DODD asked us to scan the 2010 Depreciation schedule 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.

The COG did not have a December 31, 2009 or December 31, 2010 Depreciation schedule. However, as noted in procedure 2, we created a 2010 depreciation schedule. We scanned the 2010 depreciation schedule 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 noted assets with depreciation calculated without a salvage value as required by the Cost Report Guides; however, we included salvage value in the 2010 depreciation schedule (see procedure 2).

4. DODD asked us to compare the COG's final 2009 Depreciation schedule to the COG's 2010 Depreciation Schedule 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.

**Property, Depreciation, and Asset Verification Testing (Continued)**

The COG did not have a December 31, 2009 or December 31, 2010 Depreciation schedule. However, as a part of procedure 2, we compared the COG's End of Year Summary Report for the periods ending September 30, 2009, 2010 and 2011.

We noted no differences for assets purchased prior to the period.

5. We haphazardly selected one COG fixed asset which met the COG's capitalization policy and was depreciated in its first year in 2010 to determine if its useful life agreed to the estimated useful life prescribed in the 2008 AHA Asset Guides. We also recomputed the first year's depreciation for the asset, based on its cost, acquisition date and useful life to determine compliance with the Cost Report Guides.

We noted differences due to depreciation calculated without a salvage value as required by the Cost Report Guides; however, these differences were adjusted under procedure 2.

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

We found differences as reported in Appendix A.

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, 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

April 21, 2015

**Appendix A**  
**Quadco Rehabilitation Center Administrative Board and Non-Profit Operation**  
**2010 Income and Expenditure Report and County Summary Workbook Adjustments**

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Quadco</b>				
<b>Worksheet 1</b>				
3. Buildings/Improve	\$ 96,373	\$ (38,510)		To reclassify moveable equipment
		\$ 1,571	\$ 59,434	To record loss on disposal
5. Moveable Equipment	\$ -	\$ 38,510		To reclassify moveable equipment
		\$ 678	\$ 39,188	To agree to compiled report
<b>Worksheet 2</b>				
1. Salaries	\$ 364,847	\$ (80,248)	\$ 284,599	To reconcile to actual salaries
2. Employee Benefits	\$ 143,192	\$ 39,098	\$ 182,290	To reconcile to actual benefits
4. Other Expenses	\$ 56,326	\$ 70,446		To agree to compiled reconciled report
		\$ (30)		To reclassify non-federal reimbursable costs, party
		\$ (24)		To reclassify non-federal reimbursable costs, doughnuts
		\$ (126)		To reclassify non-federal reimbursable costs, staff awards
		\$ (1,020)		To remove asset costs
		\$ (10)		To reclassify non-federal reimbursable costs, gift
		\$ (24)		To reclassify non-federal reimbursable costs, party
		\$ (535)		To remove internal transfer
		\$ (1,370)		To reclassify non-federal reimbursable costs, meals
		\$ (906)		To remove asset costs
		\$ (3,264)		To remove internal transfer
		\$ (115)	\$ 119,348	To reclassify non-federal reimbursable costs, DD awareness
<b>Worksheet 2A</b>				
1. Salaries	\$ 121,474	\$ 17,487	\$ 138,961	To reconcile to actual salaries
2. Employee Benefits	\$ 70,434	\$ (25,167)	\$ 45,267	To reconcile to actual benefits
<b>Worksheet 3</b>				
1. Salaries	\$ 62,121	\$ (12,853)	\$ 49,268	To reconcile to actual salaries
2. Employee Benefits	\$ 31,859	\$ (6,813)	\$ 25,046	To reconcile to actual benefits
4. Other Expenses	\$ 238,171	\$ (32,239)		To agree to compiled reconciled report
		\$ (274)		To reclassify consumer fringes costs
		\$ 24		To reclassify building costs
		\$ (44,078)		To reclassify consumer fringes costs
		\$ 6,868		To reclassify building costs
		\$ 926		To reclassify building costs
		\$ 3,894		To reclassify building costs
		\$ 3		To reclassify building costs
		\$ 516	\$ 173,811	To reclassify building costs
<b>Worksheet 4</b>				
4. Other Expenses (B) Non-Federal Reimbursable	\$ -	\$ 30		To reclassify non-federal reimbursable costs, party
		\$ 24		To reclassify non-federal reimbursable costs, donuts
		\$ 126		To reclassify non-federal reimbursable costs, staff awards
		\$ 10		To reclassify non-federal reimbursable costs, gift
		\$ 24		To reclassify non-federal reimbursable costs, party
		\$ 1,370		To reclassify non-federal reimbursable costs, meals
		\$ 115	\$ 1,699	To reclassify non-federal reimbursable costs, DD awareness

Appendix A (Page 2)  
 Quadco Rehabilitation Center Administrative Board and Non-Profit Operation  
 2010 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Worksheet 5</b>				
1. Salaries	\$ 208,061	\$ 210,468	\$ 418,529	To reconcile to actual salaries
2. Employee Benefits	\$ 159,568	\$ 67,561	\$ 227,129	To reconcile to actual benefits
3. Service Contracts	\$ 237,778	\$ (43,658)	\$ 194,120	To agree to compiled reconciled report
<b>Defiance County</b>				
<b>Schedule C</b>				
<b>II. Department of DD</b>				
H. Purchase of Service	\$ 883,346	\$ (883,346)	\$ -	To remove revenues reported in error
<b>Worksheet 7-B</b>				
18 Nursing Services (E) Facility Based Services	\$ 11,731	\$ (1,125)	\$ 10,606	To reclassify nursing costs
<b>Worksheet 8</b>				
25. Transportation (E) Facility Based Services	\$ 220,172	\$ 3,778	\$ 223,950	To reclassify transportation costs
<b>Worksheet 10</b>				
27. Direct Services (E) Facility Based Services	\$ 296,887	\$ 19,562		To reclassify facility based costs
		\$ 9,195	\$ 325,644	To reclassify direct services costs
<b>Fulton County</b>				
<b>Schedule C</b>				
<b>II. Department of DD</b>				
H. Purchase of Service	\$ 239,910	\$ (239,910)	\$ -	To remove revenues reported in error
<b>Worksheet 7-B</b>				
18. Nursing Services (E) Facility Based Services	\$ 4,576	\$ (880)	\$ 3,696	To reclassify nursing costs
<b>Worksheet 10</b>				
27. Direct Services (E) Facility Based Services	\$ 115,815	\$ (5,532)		To reclassify facility based costs
		\$ 3,204	\$ 113,487	To reclassify direct services costs
27. Direct Services (G) Community Employment	\$ -	\$ 4,831		To reclassify community employment costs
		\$ 3,482		To reclassify community employment costs
		\$ 140	\$ 8,453	To reclassify community employment costs
<b>Henry County</b>				
<b>Schedule C</b>				
<b>II. Department of DD</b>				
H. Purchase of Service	\$ 236,990	\$ (236,990)	\$ -	To remove revenues reported in error
<b>Worksheet 7-B</b>				
18. Nursing Services (E) Facility Based Services	\$ 3,133	\$ 1,177	\$ 4,310	To reclassify nursing costs
<b>Worksheet 10</b>				
27. Direct Services (E) Facility Based Services	\$ 79,289	\$ 49,293		To reclassify facility based costs
		\$ 3,736	\$ 132,318	To reclassify direct services costs
<b>Williams County</b>				
<b>Schedule C</b>				
<b>II. Department of DD</b>				
H. Purchase of Service	\$ 1,407,232	\$ (1,407,232)	\$ -	To remove revenues reported in error
<b>Worksheet 7-B</b>				
18. Nursing Services (E) Facility Based Services	\$ 24,561	\$ (7,329)	\$ 17,232	To reclassify nursing costs
<b>Worksheet 8</b>				
25. Transportation (E) Facility Based Services	\$ 399,334	\$ 6,843	\$ 406,177	To reclassify transportation costs
<b>Worksheet 10</b>				
27. Direct Services (E) Facility Based Services	\$ 621,616	\$ (107,484)		To reclassify facility based costs
		\$ 14,938	\$ 529,070	To reclassify direct services costs
27. Direct Services (G) Community Employment	\$ -	\$ 4,831		To reclassify community employment costs
		\$ 3,482		To reclassify community employment costs
		\$ 141	\$ 8,454	To reclassify community employment costs



# Dave Yost • Auditor of State

**QUADCO REHABILITATION CENTER**

**WILLIAMS 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 4, 2015**