



Dave Yost • Auditor of State

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS
ROSS COUNTY**

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Independent Accountants' 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, 8th Floor
Columbus Ohio 43215

Dear Ms. Schroeder:

As permitted by Ohio Revised Code Section 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 Southern Ohio Council of Governments (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*¹ for the year ended December 31, 2014 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.

Trial Balance and Non-Payroll Expenditures

1. We compared the COG's disbursements on the Trial Balance, General Ledger and Profit & Loss 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* to identify variances greater than \$250 for total service contracts, other expenses and COG expenses on any worksheet.

We found no differences.

2. We compared total COG non-payroll disbursements on the Trial Balance report to 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* to determine if non-payroll costs were reported within two percent.

We found no differences exceeding two percent.

¹ 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: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton.

Trial Balance and Non-Payroll Expenditures (Continued)

3. We scanned the COG's General Ledger and Profit & Loss reports and judgmentally selected 60 non-payroll disbursements from the service contracts, other expenses and COG expense on worksheets 2 through 5 of the COG Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*.

We determined if supporting documentation was maintained, the costs were allowable and properly classified according to the Cost Report Guides and 2 CFR 225 and identified any variances not classified as prescribed by the Cost Report Guide or costs which are non-federal reimbursable under 2 CFR 225 Appendix B and over \$250.

We also scanned for any program costs without corresponding statistics that are non-federal reimbursable because they do not demonstrate that the COG or one of the member County Board's programs received a measurable benefit as required under Appendix A, section (C)(3)(a) and the Cost Report Guides.

We reported misclassified costs in Appendix A. We also noted Bridges to Transition Program costs reported as Supported Employment – Community Employment on *Worksheet 10* of the Fayette, Highland, Pickaway and Pike *County Summary Workbooks* that lacked corresponding statistics and should also be reported on *Schedule a1, Adult Program* of the member County Board's Cost Reports as revenue offsets in accordance with the Cost Report Guides.

4. We scanned the COG's General Ledger and Profit & Loss reports for items purchased during 2014 that met the COG's capitalization criteria and traced them to inclusion on the COG's Depreciation Schedule.

We found no unrecorded purchases meeting the capitalization criteria.

Payroll Testing

1. We compared the COG's payroll disbursements on the Trial Balance, Payroll Detail and Payroll Allocation of Costs reports to salaries and benefits reported on the Cost Report and the *County Summary Workbooks* to determine if payroll costs were reported within two percent.

We found no differences.

2. We scanned the COG's Payroll Allocation of Costs, Payroll Detail reports and organizational chart and compared 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 reported differences in Appendix A.

Property, Depreciation and Asset Verification Testing

1. We compared all depreciation entries on *Worksheet 1, Capital Costs* to the COG's Depreciation Schedule to report any variances exceeding \$250.

We found no variances.

Property, Depreciation and Asset Verification Testing (Continued)

2. We compared the COG's final 2013 Depreciation Schedule and prior year depreciation adjustments to the COG's 2014 Depreciation Schedule for changes in the depreciation amounts for assets purchased prior to the periods under review, 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 to identify any cell variances greater than \$250.

We found no variances.

3. DODD asked us to haphazardly select the lesser of 10 of the COG's fixed assets or 10 percent of items which met the COG's capitalization policy and were being depreciated in their first year in 2014 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2013 AHA Asset Guides. DODD also asked to recompute 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 to identify any variances.

We did not perform this procedure because the COG did not have any fixed assets that met the capitalization policy and were being depreciated in their first year in 2014.

4. We were asked to haphazardly select the lesser of 10 percent or 10 disposed assets in 2014 from the COG's list of disposed assets and determine if the asset was removed from the COG's fixed asset ledger. We were also asked to recalculate depreciation and any gain or loss applicable to 2014 for the disposed items based on its undepreciated basis and any proceeds received from the disposal or sale of the asset to determine compliance with the Cost Report Guide and CMS Publication 15-1, Chapter 1 and identify any variances.

We did not perform this procedure because the COG stated that no capital assets were disposed of in 2014. We scanned the COG's General Ledger report and did not identify any proceeds from the sale or exchange of fixed assets.

Medicaid Administrative Claiming (MAC)

1. We compared the MAC salary and benefits versus the COG's payroll records to identify and notify DODD's Random Moment Time Study (RMTS) Coordinator of any variances exceeding one percent. We compared salaries and benefits entered on the MAC RMTS reports to the COG's Payroll Detail report.

We found MAC salaries and benefits reported did not exceed the COG's actual salaries and benefits.

2. We compared the MAC RMTS reports to lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming*.

We found no differences.

3. We selected 10 RMTS observed moments and 10 percent of any RMTS moments above that amount that were completed by employees of the COG from the DODD RMTS Participant Moments Question and Answer report for the 4th quarter of 2014. We determined if supporting documentation for each of the 11 observed moments tested were maintained and properly classified in accordance with DODD's Guide to Medicaid Administrative Claiming (MAC) using the Random Moment Time Studies (RMTS) Methodology for 2012.

Medicaid Administrative Claiming (Continued)

We found no differences.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

December 3, 2015

Appendix A
Southern Ohio Council of Governments
2014 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Southern Ohio Council of Governments				
Worksheet 2				
4. Other Expenses (A) Cost	\$ 155,683	\$ (1,526)	\$ 154,157	To reclassify Pike Provider Compliance Reviewer travel expenses
Adams County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 51,289	\$ 3,092	\$ 54,381	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 3,092	\$ (3,092)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Athens County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 6,029	\$ 4,418	\$ 10,447	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 4,418	\$ (4,418)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Brown County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 14,067	\$ 2,933	\$ 17,000	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 2,933	\$ (2,933)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Clinton County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 3,014	\$ 22,018	\$ 25,032	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 22,018	\$ (22,018)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Fayette County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ -	\$ 442	\$ 442	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 442	\$ (442)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Gallia County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 6,029	\$ 43	\$ 6,072	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 43	\$ (43)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Highland County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ -	\$ 3,534	\$ 3,534	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 3,534	\$ (3,534)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Jackson County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 4,522	\$ 25,247	\$ 29,769	To reclassify Provider Compliance Review and Behavior Support payroll

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Southern Ohio Council of Governments
2014 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Jackson County (Continued)				
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 25,247	\$ (25,247)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Meigs County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 1,507	\$ 3,876	\$ 5,383	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 3,876	\$ (3,876)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Pickaway County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ -	\$ 4,283	\$ 4,283	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 4,283	\$ (4,283)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Pike County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 121,190	\$ 28,648		To reclassify Provider Compliance Review and Behavior Support payroll
		\$ 1,526	\$ 151,364	To reclassify Pike Provider Compliance Reviewer travel expenses
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 28,648	\$ (28,648)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Ross County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 7,536	\$ 4,418	\$ 11,954	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 4,418	\$ (4,418)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll
Scioto County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 3,014	\$ 7,510	\$ 10,524	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 92,249	\$ (7,510)	\$ 84,739	To reclassify Provider Compliance Review and Behavior Support payroll
Vinton County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 2,010	\$ 3,976	\$ 5,986	To reclassify Provider Compliance Review and Behavior Support payroll
Worksheet 9				
26. Service & Support Admin (N) Service & Support Admin	\$ 3,976	\$ (3,976)	\$ -	To reclassify Provider Compliance Review and Behavior Support payroll

Note1: Original Cost Report balances have been adjusted to reflect allocations as a result of the above adjustments to *Worksheet 2* of the COG Cost Report. Other *County Summary Workbooks* have been affected by this same allocation; however, those adjustments are not shown here due to this being a function of how costs flow down from *Schedule B* of the COG Cost Report.

Note2: Fayette, Highland, Pickaway and Pike member County Boards reported Bridges to Transition costs as Supported Employment - Community Employment on *Worksheet 10* without corresponding statistics. The same costs reported on the *County Summary Workbooks* must also be reported on *Schedule a1, Adult Program* of these County Board's Cost Reports, see also Trial Balance and Non-Payroll Expenditures section.



Dave Yost • Auditor of State

SOUTHERN OHIO COUNCIL OF GOVERNMENTS, SOCOG

SANDUSKY 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
JANUARY 5, 2016**