



Dave Yost • Auditor of State



**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
DEFIANCE COUNTY**

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# Dave Yost • Auditor of State

## 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, 8<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 Northwest Ohio Waiver Administration Council (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*<sup>1</sup> for the year ended December 31, 2013 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 Balances and Non-Payroll Expenditures**

1. We compared the COG's disbursements on the Trial Balance and General Ledger reports to *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the 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 differences as reported in Appendix A.

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 on any worksheet.

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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, Lucas, Paulding, Putnam, Van Wert and Williams.

### **Trial Balances and Non-Payroll Expenditures (Continued)**

3. We scanned the COG's Trial Balance and General Ledger reports, and judgmentally selected 40 non-payroll disbursements from the service contracts, other expenses and COG expense 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, 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 found differences as reported in Appendix A for misclassified and non-federal reimbursable costs. We found no program costs that lacked corresponding statistics.

4. We scanned the COG's General Ledger report 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 Salaries and Benefits and Trial Balance 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 exceeding two percent.

2. We scanned the COG's organizational table, job descriptions, Salaries and Benefits and Salary Breakdown reports 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 found differences as reported in Appendix A.

### **Property and Depreciation**

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

We did not perform this procedure as the COG had no depreciation schedule, reported no depreciation costs on *Worksheet 1*, and stated it had no fixed assets.

### Property and Depreciation (Continued)

1. DODD asked us to compare 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 did not perform this procedure (see above).

2. 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 us to recalculate 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 (see above). We did scan the COG's General Ledger report and found no purchases of any fixed assets meeting the COG's capitalization threshold.

3. DODD asked us to haphazardly select the lesser of 10 percent or 10 disposed assets in 2014 from the COG's list of disposed assets and determined if the asset was removed from the COG's fixed asset ledger. DODD also asked us to recalculate depreciation and any gain or loss applicable to 2013 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 (see above). We did scan the COG's General Ledger report and did not identify any proceeds from the sale or exchange of fixed assets.

### Medicaid Administrative Claiming (MAC) Testing

1. We compared salaries and benefits entered on the MAC Random Moment Time Study (RMTS) reports to the COG's 2014 Salaries and Benefits report to identify and notify DODD's RMTS Coordinator of any variances exceeding one percent.

We found MAC salary and benefits reported exceeded the County Board salary and benefits by less than one percent.

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 County Board 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 10 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.

We found no differences.

Northwest Ohio Waiver Administration Council  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures

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 style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

February 17, 2016

**Appendix A**  
**Northwest Ohio Waiver Administration Council**  
**2014 Income and Expenditure Report and County Summary Workbook**

<b>Cost Report Location</b>	<b>Reported Amount</b>	<b>Correction</b>	<b>Corrected Amount</b>	<b>Explanation of Correction</b>
<b>Northwest Ohio Waiver Administration Council</b>				
<b>Worksheet 2</b>				
1. Salaries	\$109,218	\$ (9,636)		To reclassify Executive Director payroll
		\$ (8,647)		To reclassify Business Manager payroll
		\$ (3,288)		To reclassify Office Clerk payroll
		\$ (131)		To reclassify Billing payroll
		\$ (131)		To reclassify Billing payroll
		\$ (66)		To reclassify PAWS payroll
		\$ (66)		To reclassify PAWS payroll
		\$ (66)		To reclassify PAWS payroll
		\$ (66)	\$ 87,121	To reclassify PAWS payroll
3. Service Contracts	\$ 15,770	\$ (10,261)		To reclassify MAC fees
		\$ (5,509)	\$ -	To reclassify P.L.A.Y. program
<b>Worksheet 4</b>				
4. Other Expenses (B) Non-Federal Reimbursable	\$ -	\$ 10,261	\$ 10,261	To reclassify MAC fees
<b>Worksheet 5</b>				
1. 1. Salaries	\$ 5,432	\$ (4,232)	\$ 1,200	To reclassify Reviewer payroll
<b>Defiance County</b>				
<b>Worksheet 2</b>				
10. Indirect Costs (O) Non-Federal Reimbursable	* \$ 713	\$ 131		To reclassify Billing payroll
		\$ 37,072	\$ 37,916	To reclassify admin fees
<b>Worksheet 2A</b>				
11. Program Supervision (Z) Total	\$ 37,072	\$ (37,072)	\$ -	To reclassify admin fees
<b>Worksheet 5</b>				
15. Direct Services (L) Community Residential	\$ 21,956	\$ 1,511	\$ 23,467	To reclassify Reviewer payroll
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service and Support Admin	\$ 9,565	\$ 9,636		To reclassify Executive Director payroll
		\$ (1,427)	\$ 17,774	To reclassify Reviewer payroll
<b>Worksheet 10</b>				
27. Direct Services (E) Facility Based Services	\$ -	\$ 66	\$ 66	To reclassify PAWS payroll
<b>Paulding County</b>				
<b>Worksheet 5</b>				
15. Direct Services (L) Community Residential	\$ -	\$ 3,303	\$ 3,303	To reclassify Reviewer payroll
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service and Support Admin	\$ 1,427	\$ (1,427)	\$ -	To reclassify Reviewer payroll
<b>Worksheet 10</b>				
27. Direct Services (E) Facility Based Services	\$ -	\$ 66	\$ 66	To reclassify PAWS payroll
<b>Putnam County</b>				
<b>Worksheet 5</b>				
15. Direct Services (B) Pre-School	\$ -	\$ 3,935	\$ 3,935	To allocate P.L.A.Y. program expenses
<b>Van Wert County</b>				
<b>Worksheet 5</b>				
15. Direct Services (B) Pre-School	\$ -	\$ 787	\$ 787	To allocate P.L.A.Y. program expenses
15. Direct Services (L) Community Residential	\$ 1,156	\$ 3,615	\$ 4,771	To reclassify Reviewer payroll
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service and Support Admin	\$ 63,436	\$ (1,427)	\$ 62,009	To reclassify Reviewer payroll
<b>Worksheet 10</b>				
27. Direct Services (E) Facility Based Services	\$ -	\$ 66	\$ 66	To reclassify PAWS payroll

Appendix A (page 2)  
Northwest Ohio Waiver Administration Council  
2014 Income and Expenditure Report and County Summary Workbook

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Williams County</b>				
<b>Worksheet 2</b>				
10. Indirect Costs (O) Non-Federal Reimbursable	* \$ 1,118	\$ 131	\$ 1,249	To reclassify Billing payroll
10. Indirect Costs (Z) Total	* \$ 6,052	\$ 8,647		To reclassify Business Manager payroll
		\$ 3,288	\$ 17,987	To reclassify Office Clerk payroll
<b>Worksheet 5</b>				
15. Direct Services (B) Pre-School	\$ -	\$ 787	\$ 787	To allocate P.L.A.Y. program expenses
15. Direct Services (L) Community Residential	\$ 8,295	\$ 1,511		To reclassify Reviewer payroll
		\$ (5,159)		To remove developmental center costs
		\$ 38,440	\$ 43,087	To reclassify housing project costs
15. Direct Services (O) Non-Federal Reimbursable	\$ 43,305	\$ (38,440)	\$ 4,865	To reclassify housing project costs
<b>Worksheet 9</b>				
26. Service & Support Adm. (N) Service and Support Admin	\$ 8,731	\$ (1,427)	\$ 7,304	To reclassify Reviewer payroll
<b>Worksheet 10</b>				
27. Direct Services (E) Facility Based Services	\$ -	\$ 66	\$ 66	To reclassify PAWS payroll

\* 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.



# Dave Yost • Auditor of State

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL**

**DEFIANCE 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  
MARCH 17, 2016**