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**QUADCO REHABILITATION CENTER
ADMINISTRATIVE BOARD AND NON-PROFIT OPERATION
WILLIAMS 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 Quadco Rehabilitation Center – Administrative Board and Non-Profit Operation (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*¹ for the year ended December 31, 2012 in accordance with DODD's Guide to Preparing Income and Expenditure Reports for COGs and County Boards of Developmental Disabilities (Cost Report Guides) and to assist you in evaluating whether reported receipts and disbursements complied with 2 CFR 225 (OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*), and other compliance requirements described in the procedures below. The 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 2012 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C, Income Report* of the *County Summary Workbooks*.

We found no differences.

2. DODD asked that we obtain the Title XX Units of Services Log for the 2nd Quarter and select a sample of 10 percent of claims reported in the Title XX system to verify supporting documentation of services provided and claims were not billed to both Title XX and Medicaid for the same service date and individual.

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: Defiance, Fulton, Henry and Williams.

Revenue Testing (Continued)

We obtained the Title XX Units of Service Log for the 2nd quarter and compared the total number of units with DODD's Title XX Data Export report to ensure total units matched. We then selected 20 Title XX units and reviewed supporting documentation to ensure it matched each selected claim. We also reviewed services reimbursed through the Medicaid Billing System to determine if the County Boards billed for a similar service for the same recipient and date of service.

We found one unit was billed to Title XX where the COG could not provide supporting documentation. As a result, we identified a recoverable finding for one unit. We found no services billed to both Title XX and Medicaid for the same recipient and date of service.

Recoverable Finding: \$61.75

Service Code	Units	Review Results	Finding
727.01	1	Lack of supporting documentation	\$61.75

Trial Balance Analysis and Non-Payroll Expenditures Testing

1. DODD asked that we compare the COG's total assets to total liabilities plus equity on the trial balance reports.

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 2012. 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, 2011 and Year Ended September 30, 2012.

We found no differences.

2. DODD asked that we compare the COG's disbursements on the general ledger report to *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the COG Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* and report variances exceeding \$100 for total service contracts, other expenses and COG expenses on any worksheet.

We received the COG's General Ledger report; however, we did not have supporting documentation for the allocation methodology used to allocate and report non-payroll costs between the COG Cost Report and the *County Summary Workbooks*.

Therefore, we prepared a Crosswalk by Department Code report to determine cash basis non-payroll expenditures by program and allocated costs between the member County Boards and programs using statistics from the Calendar Year Attendance All Sources 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 with reported disbursements.

We reported variances exceeding \$100 in Appendix A.

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

3. DODD asked that we 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 General Ledger report for service contracts, other expenses and COG expense rows on worksheets 2 through 5 of the 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 reported misclassified and non-federal reimbursable costs in Appendix A.

4. We haphazardly selected a sample of 60 non-payroll disbursements from the General Ledger 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 Guide.

We reported differences in Appendix A for misclassified and non-federal reimbursable costs.

5. We scanned the COG's General Ledger report for items purchased during 2012 that met the COG's capitalization criteria and traced them to inclusion on the COG's End of Year Summary reports.

We reported differences for purchases that were not properly capitalized and reported differences for purchases to record their first year's depreciation in Appendix A.

Payroll Testing

1. DODD asked that we determine if employee salaries on the COG's payroll reports were within two percent of payroll costs reported on the COG Cost Report and the *County Summary Workbooks*.

We compared the total payroll costs per the COG's General Ledger report with payroll costs reported on the COG's Cost Report and the *County Summary Workbooks*.

We found differences greater than two percent; however, we did not have supporting documentation for the allocation methodology used to allocate and report payroll costs between the COG Cost Report and the *County Summary Workbooks*.

Payroll Testing (Continued)

Therefore, we prepared a Salaries/Job Titles for All Staff report to determine cash basis payroll expenditures by program and allocated costs between the member County Boards and programs using statistics from the Calendar Attendance All Sources report, Williams and Defiance Bus Trip reports and Non-DD Consumer Transportation Trip reports. We then used the Salaries/Job Titles for All Staff reports to compare payroll costs reported on the COG's Cost Report and the *County Summary Workbooks*.

We reported differences in Appendix A.

2. We selected a haphazard sample of five employees and compared the COG's organizational chart, Salaries/Job Titles for All Staff report and job descriptions to the worksheet on the COG's Cost Report or the *County Summary Workbooks* in which each employee's salary and benefit costs were allocated to ensure the allocation is consistent with the Cost Report Guides. DODD asked us to report differences greater than two percent of the total wage and benefit of any worksheet affected.

We reported differences exceeding two percent in Appendix A.

3. We scanned the Salaries/Job Titles for All Staff report and compared classification of employees to entries on the COG's 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. DODD asked that we compare the COG's procedures regarding capitalization of fixed assets with the Cost Report Guides for preparing *Worksheet 1, Capital Costs* and 2 CFR 225 (OMB Circular A-87, Appendix B, 15(a)(2)).

We noted the COG's procedures did not include a salvage value as required and did not address the period of acquisition or useful life. We calculated depreciation with a salvage value in the depreciation schedule as part of procedure 3.

Recommendation:

We recommended the COG 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 dd 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 that we compare the COG's depreciation schedule to *Worksheet 1, Capital Costs* of the COG Cost Report and report any variances exceeding \$100.

Property, Depreciation, and Asset Verification Testing (Continued)

The COG did not have a comprehensive 2012 depreciation schedule. Therefore, we combined the COG's End of Year Summary Report for the periods ending September 30, 2012 and September 30, 2013 and prepared a 2012 depreciation schedule. We then compared all depreciation entries on *Worksheet 1, Capital Costs* of the COG Cost Report to the 2012 depreciation schedule.

We reported variances exceeding \$100 in Appendix A.

3. DODD asked that we scan the 2012 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 comprehensive 2012 depreciation schedule. However, as noted in procedure 2, we prepared a 2012 depreciation schedule. We scanned the 2012 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 found differences as reported in Appendix A.

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

The COG did not have a 2012 depreciation schedule. However, as noted in procedure 2, we prepared a 2012 depreciation schedule. We compared the 2012 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.

We reported differences in Appendix A.

5. We haphazardly selected one of the COG's fixed assets which met the COG's capitalization policy and was depreciated in its first year in 2012 to determine if the 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 reported differences in Appendix A.

6. DODD asked that we haphazardly select the lesser of five percent or five disposed assets in 2012 from the COG's list of disposed assets and determined if the asset was removed from the COG's fixed asset ledger. DODD asked us to recalculate depreciation and any gain or loss applicable to 2012 for the disposed items based on its undepreciated basis and any proceeds received from the disposal or sale of the asset to determine compliance with the Cost Report Guide and CMS Publication 15-1, Chapter 1.

We did not perform this procedure as the COG stated that no capital assets were disposed.

Medicaid Administrative Claiming Testing

1. DODD asked that we contact its Random Moment Time Summary (RMTS) Coordinator to report differences between the MAC salary and benefits versus the COG's payroll records exceeding one percent.

We did not perform this procedure as the COG did not participate in MAC.

2. DODD asked that we compare the MAC RMTS reports to Lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming*.

We did not perform this procedure as the COG did not participate in MAC.

3. DODD asked that we compare Ancillary Costs on the Roll up Report for Ohio Department of Medicaid (ODM) to Lines 6-10 of the *MAC Reconciliation Worksheet*.

We did not perform this procedure as the COG did not participate in MAC.

4. DODD asked that we select 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 second quarter of 2012. DODD asked us to determine if supporting documentation 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 2012.

We did not perform this procedure as the COG did not participate in MAC.

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 ODM, 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

December 15, 2015

Appendix A
Quadco Rehabilitation Center
2012 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
QUADCO Rehabilitation Center				
Worksheet 1				
3. Buildings/Improve (A) Costs	\$ 61,297	\$ 3,278 \$ (1,773) \$ (896) \$ (3,697)	\$ 58,209	To match depreciation schedule To agree to final 2011 depreciation schedule To correct depreciation on van To correct depreciation taken in the period of acquisition
5. Moveable Equipment (A) Costs	\$ 63,154	\$ (10,526) \$ 50 \$ (95) \$ (232)	\$ 52,351	To match depreciation schedule To record depreciation for buffer and processor To agree to final 2011 depreciation schedule To correct depreciation taken in the period of acquisition
Worksheet 2				
1. Salaries (A) Cost	\$ 452,566	\$ 8,336 \$ (11) \$ (17) \$ (88,874)	\$ 372,000	To match payroll report To reclassify Bus Driver salary To reclassify Bus Driver salary To reclassify Director of Marketing and Sales Representative salaries
2. Employee Benefits (A) Cost	\$ 277,711	\$ (75,673) \$ (2) \$ (3) \$ (44,878)	\$ 157,155	To match payroll report To reclassify Bus Driver benefits To reclassify Bus Driver benefits To reclassify Director of Marketing and Sales Representative benefits
4. Other Expenses (A) Cost	\$ 148,836	\$ (5,391) \$ (161) \$ (3,503) \$ (203) \$ (121) \$ (47) \$ (344) \$ (590) \$ (343) \$ (346) \$ (565)	\$ 137,222	To reclassify unallowable board meeting supplies, retirement gifts and advertising expenses To remove transfer To reclassify Sales Representative travel expenses To reclassify facility based expenses To reclassify facility based expenses To reclassify facility based expenses To reclassify facility based expenses To remove capital asset acquisition To reclassify janitorial supplies To reclassify transportation expense To reclassify transportation expense
Worksheet 2A				
1. Salaries (A) Cost	\$ 108,742	\$ 293	\$ 109,035	To match payroll report
2. Employee Benefits (A) Cost	\$ 16,671	\$ 139	\$ 16,810	To match payroll report
Worksheet 3				
1. Salaries (A) Cost	\$ 65,427	\$ 135	\$ 65,562	To match payroll report
2. Employee Benefits (A) Cost	\$ 19,228	\$ (2,546)	\$ 16,682	To match payroll report
3. Service Contracts (A) Cost	\$ 186,413	\$ 107 \$ 4,406 \$ 4,945 \$ 2,947 \$ 1,142 \$ 8,393 \$ 7,190 \$ (6,365) \$ (3,793) \$ (1,470) \$ (10,803) \$ (577) \$ (2) \$ (4) \$ 343	\$ 192,872	To match supporting documentation To reclassify building expenses To reclassify consumer wages To reclassify consumer wages To reclassify consumer wages To reclassify consumer wages To remove capital asset acquisition To reclassify transportation expense To reclassify transportation expense To reclassify janitorial supplies

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 Quadco Rehabilitation Center
 2012 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
QUADCO Rehabilitation Center (Continued)				
Worksheet 4				
1. Salaries (B) Non-Federal Reimbursable	\$ -	\$ 3,281		To match payroll report
		\$ 1		To reclassify Job Developer salary
		\$ 1		To reclassify Job Developer salary
		\$ 2	\$ 3,285	To reclassify Job Developer salary
2. Employee Benefits (B) Non-Federal Reimbursable	\$ -	\$ 2,534	\$ 2,534	To match payroll report
4. Other Expenses (B) Non-Federal Reimbursable	\$ -	\$ 719		To match supporting documentation
		\$ 371		To reclassify unallowable advertising expenses
		\$ 221		To reclassify unallowable advertising expenses
		\$ 86		To reclassify unallowable advertising expenses
		\$ 630		To reclassify unallowable advertising expenses
		\$ (629)		To remove transfer
		\$ 495		To reclassify unallowable board meeting supply expenses
		\$ 5,391	\$ 7,284	To reclassify unallowable board meeting supplies, retirement gifts and advertising expenses
Worksheet 5				
1. Salaries (A) Other Cost	\$ 367,954	\$ 15,174		To match payroll report
		\$ 88,874	\$ 472,002	To reclassify Director of Marketing and Sales Representative salaries
2. Employee Benefits (A) Other Cost	\$ 199,713	\$ (32,837)		To match payroll report
		\$ 44,878	\$ 211,754	To reclassify Director of Marketing and Sales Representative benefits
4. Other Expenses (A) Other Cost	\$ 148,913	\$ (20,400)		To match supporting documentation
		\$ (91)		To remove transfer
		\$ 3,503		To reclassify Sales Representative travel expenses
		\$ (63)		To remove capital asset acquisition
		\$ (495)		To reclassify unallowable board meeting supply expenses
		\$ (53)		To remove transfers
		\$ (83)		To remove capital asset acquisition
		\$ (85)		To remove capital asset acquisition
		\$ (23)	\$ 131,123	To remove transfer
Defiance County				
Worksheet 7-B				
18. Nursing Services (E) Facility Based Services	\$ 9,102	\$ 1,326		To match payroll report
		\$ 75	\$ 10,503	To reclassify nursing expenses
Worksheet 8				
25. Transportation (E) Facility Based Services	\$ 284,244	\$ (29,915)		To match payroll report
		\$ 2		To reclassify transportation expense
		\$ 11		To reclassify Bus Driver salary
		\$ 2		To reclassify Bus Driver benefits
		\$ (166)		To remove capital asset acquisition
		\$ (4,406)		To reclassify building expenses
		\$ 346	\$ 250,118	To reclassify transportation expense
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 416,429	\$ (33,800)		To match payroll report
		\$ 6,365		To reclassify consumer wages
		\$ (211)		To remove transfers
		\$ (1)		To reclassify Job Developer salary
		\$ (4,945)		To reclassify building expenses
		\$ (103)		To remove transfers
		\$ (371)		To reclassify unallowable advertising expenses
		\$ (75)		To reclassify nursing expenses
		\$ 203	\$ 383,491	To reclassify facility based expenses

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 Quadco Rehabilitation Center
 2012 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Fulton County				
Worksheet 7-B				
18. Nursing Services (E) Facility Based Services	\$ 5,424	\$ 790		To match payroll report
		\$ 45	\$ 6,259	To reclassify nursing expenses
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 248,163	\$ (20,150)		To match payroll report
		\$ 3,793		To reclassify consumer wages
		\$ (45)		To reclassify nursing expenses
		\$ (125)		To remove transfers
		\$ (61)		To remove transfers
		\$ (1)		To reclassify Job Developer salary
		\$ (221)		To reclassify unallowable advertising expenses
		\$ (2,947)		To reclassify building expenses
		\$ 121	\$ 228,527	To reclassify facility based expenses
Henry County				
Worksheet 7-B				
18. Nursing Services (E) Facility Based Services	\$ 2,103	\$ 306		To match payroll report
		\$ 17	\$ 2,426	To reclassify nursing expenses
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 96,256	\$ (7,864)		To match payroll report
		\$ 1,470		To reclassify consumer wages
		\$ (49)		To remove transfers
		\$ (24)		To remove transfers
		\$ (17)		To reclassify nursing expenses
		\$ (86)		To reclassify unallowable advertising expenses
		\$ (1,142)		To reclassify building expenses
		\$ 47	\$ 88,591	To reclassify facility based expenses
Williams County				
Worksheet 7-B				
18. Nursing Services (E) Facility Based Services	\$ 15,296	\$ 2,403		To match payroll report
		\$ 128	\$ 17,827	To reclassify nursing expenses
Worksheet 8				
28. Transportation (E) Facility Based Services	\$ 442,723	\$ (4,900)		To match payroll report
		\$ 4		To reclassify transportation expense
		\$ 17		To reclassify Bus Driver salary
		\$ 3		To reclassify Bus Driver benefits
		\$ (271)		To remove capital asset acquisition
		\$ (7,190)		To reclassify building expenses
		\$ 565	\$ 430,951	To reclassify transportation expense
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 699,794	\$ (50,343)		To match payroll report
		\$ 10,803		To reclassify consumer wages
		\$ (128)		To reclassify nursing expenses
		\$ (175)		To remove transfers
		\$ (2)		To reclassify Job Developer salary
		\$ (8,393)		To reclassify building expenses
		\$ (630)		To reclassify unallowable advertising expenses
		\$ (357)		To remove transfers
		\$ 344	\$ 650,913	To reclassify facility based expenses

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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
FEBRUARY 9, 2016**