



Dave Yost • Auditor of State

**SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS
HAMILTON COUNTY**

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Independent Accountants' Report on Applying Agreed-Up 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 § 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 Southwestern 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 Summary Totals of Expenses report 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 from the initial comparison to the Cost Report and *County Summary Workbooks*; however, we noted a variance from *Schedule A* totals on the Cost Report to the *County Summary Workbook* totals. This will be corrected through the flow down process of the *Cost Report* and will not be shown in Appendix A.

2. We compared total COG non-payroll disbursements on the Trial Balance report and Summary Totals of Expenses 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.

¹ The COG recorded receipts and disbursements and prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following county boards of developmental disabilities: Butler, Clermont, Hamilton and Warren.

Trial Balance and Non-Payroll Expenditures (Continued)

We found a variance greater than two percent and performed further testing to determine the cause of the variance. See results of procedure 3 below.

3. We scanned the COG's General Ledger report, 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 costs. We also determined that the COG had omitted public relations, Medicaid administrative claiming and administrative fees. We reported adjustments to add these costs on Appendix A.

We found no costs without corresponding statistics. We noted Worksheet 8 costs for bus passes and bus tokens for Hamilton County and these costs should also be reported on *Schedule B-3, Quarterly Summary of Transportation Services* by the County Board in its 2014 Cost Report.

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 fixed asset listing.

We found no unrecorded purchases meeting the capitalization criteria.

Payroll Testing

1. We compared the COG's payroll disbursements on the payroll 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 payroll journal report 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 no differences.

Property and Depreciation

1. DODD asked 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 and stated it had no fixed assets.

Property and Depreciation (Continued)

2. DODD asked to compare the COG's final 2013 Depreciation Schedule and prior year depreciation adjustments to the COG's 2014 Depreciation Schedules 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 as the COG had no depreciation schedule and stated it had no fixed assets.

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 us to compute 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 as the COG had no depreciation schedule and stated it had no fixed assets. We scanned the COG's general ledger and found no purchases of any fixed assets meeting the COG's capitalization threshold.

4. 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 requested that we 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 as the COG had no depreciation schedule and stated it had no fixed assets that were disposed.

Medicaid Administrative Claiming Testing

- 1 DODD asked us to compare the MAC salary and benefits versus the COG's payroll records to identify and notify DODD's RMTS Coordinator of any variances exceeding one percent..

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

2. DODD asked to 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 the MAC program.

- 3 DODD asked us to 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 4th quarter of 2014 in which they documented their time spent on administering Medicaid-funded programs. DODD asked us to determine if supporting documentation of the COG employees' activity 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 did not perform this procedure as the COG did not participate in the MAC program.

Southwestern Ohio Council of Governments
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 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

April 5, 2016

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

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Southwestern Ohio Council of Governments				
Butler County				
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ -	\$ 17,503		To add public relations costs
		\$ 425,316	\$ 442,819	To add MAC and administrative fees
Clermont County				
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ 2,440	\$ 2,215	\$ 4,655	To add public relations costs
Hamilton County				
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ -	\$ 15,169		To add public relations costs
		\$ 1,740,636	\$ 1,755,805	To add MAC and administrative fees
Warren County				
Worksheet 2				
10. Indirect Costs (O) Non-Federal Reimbursable	\$ -	\$ 913	\$ 913	To add public relations costs

Note: AOS obtained approval from DODD to input non-federal reimbursable costs directly into column O of the county summary workbooks; however, this is not a direct input cell for the COG. The COG would have to report these costs in Total Indirect Costs, column Z.

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SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS (SWOCOG)

HAMILTON 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 17, 2016**