



Dave Yost • Auditor of State

**THE EMPLOYMENT CONNECTION
HOCKING 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 Employment Connection (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, Crosswalk, 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 and Crosswalk reports 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: Fairfield, Hocking, Licking and Perry.

Trial Balance and Non-Payroll Expenditures (Continued)

3. We scanned the COG's General Ledger report and judgmentally selected 20 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 and non-federal reimbursable costs in Appendix A. We also noted Bridges to Transition Program costs reported as Supported Employment – Community Employment on *Worksheet 10* of the Fairfield, Hocking, Licking and Perry *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 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 Trial Balance, Payroll Crosswalk and General Ledger 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 - Employee Summary and Payroll Crosswalk 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 reported differences in Appendix A.

Property, Depreciation and Asset Verification Testing

1. DODD asked that we 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 reported no fixed assets.

Property, Depreciation and Asset Verification Testing (Continued)

2. DODD asked that we 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 as the COG had no depreciation schedule and reported no fixed assets.

3. DODD asked that we haphazardly select the lesser of 10 of the COG's fixed assets or 10 percent of items which meet the COG's capitalization policy and are 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 that we 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 as the COG had no depreciation and reported no fixed assets. We scanned the COG's General Ledger report and found no purchases of fixed assets meeting the COG's capitalization threshold.

4. DODD asked that we 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 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 did not have a disposed asset list. We also scanned the COG's General Ledger report and did not identify any proceeds from the sale or exchange of fixed assets.

Medicaid Administrative Claiming Testing (MAC)

1. DODD asked that we compare 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 did not perform this procedure as the COG did not participate in MAC.

2. DODD asked that we compare the MAC RMTS report 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 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. DODD asked that we determine if supporting documentation for each of the 2014 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 Testing (Continued)

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 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

February 1, 2016

Appendix A
The Employment Connection
2014 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
The Employment Connection				
Worksheet 2				
4. Other Expenses	\$ 128,936	\$ (11,330)		To match supporting documentation
		\$ 5,953		To reclassify TEC expenses
		\$ 4,690		To reclassify TEC expenses
		\$ 3,247		To reclassify TEC expenses
		\$ (21,853)		To reclassify building expenses
		\$ 4,149	\$ 113,792	To reclassify TEC expenses
Worksheet 3				
4. Other Expenses	\$ -	\$ 21,853	\$ 21,853	To reclassify building expenses
Worksheet 4				
4. Other Expenses (B) Non-Federal Reimbursable	\$ 3,608	\$ 171		To reclassify unallowable advertising expenses
		\$ 135		To reclassify unallowable advertising expenses
		\$ 93		To reclassify unallowable advertising expenses
		\$ 119	\$ 4,126	To reclassify unallowable advertising expenses
Fairfield County				
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 73,020	\$ (11,194)	\$ 61,826	To match supporting documentation
27. Direct Services (G) Community Employment	\$ 448,554	\$ 24,760		To reclassify VR Coordinator's salary and benefits
		\$ 19,277		To match supporting documentation
		\$ (299)		To reclassify Perry expenses
		\$ (5,953)		To reclassify TEC expenses
		\$ (171)		To reclassify unallowable advertising expenses
		\$ (299)		To reclassify Hocking expense
		\$ (299)		To reclassify Perry expense
		\$ 755		To reclassify Fairfield expenses
		\$ 523		To reclassify Fairfield expenses
		\$ 668		To reclassify Fairfield expenses
		\$ (6,732)	\$ 480,784	To reclassify Hocking expenses
Hocking County				
Worksheet 8				
25. Transportation (G) Community Employment	\$ 427	\$ 115		To reclassify Hocking expense
		\$ (377)	\$ 165	To reclassify Perry expense
Worksheet 10				
27. Direct Services (G) Community Employment	\$ 108,276	\$ 3,333		To reclassify VR Coordinator's salary and benefits
		\$ 1,649		To match supporting documentation
		\$ (4,690)		To reclassify TEC expenses
		\$ (135)		To reclassify unallowable advertising expenses
		\$ 299		To reclassify Hocking expense
		\$ 163		To reclassify Hocking expense
		\$ 209		To reclassify Hocking expense
		\$ (236)		To reclassify Perry expense
		\$ (755)		To reclassify Fairfield expenses
		\$ 6,732		To reclassify Hocking expenses
		\$ 3,672		To reclassify Hocking expenses
		\$ 4,692	\$ 123,209	To reclassify Hocking expenses
Licking County				
Worksheet 10				
27. Direct Services (G) Community Employment	\$ 43,847	\$ (1,852)		To match supporting documentation
		\$ (93)		To reclassify unallowable advertising expenses
		\$ (163)		To reclassify Hocking expense
		\$ (163)		To reclassify Perry expense
		\$ (523)		To reclassify Fairfield expense
		\$ (3,672)		To reclassify Hocking expenses
		\$ (3,247)	\$ 34,134	To reclassify TEC expenses

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The Employment Connection
2014 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Perry County				
Worksheet 8				
25. Transportation (G) Community Employment	\$ 996	\$ (115)		To reclassify Hocking expense
		\$ 377	\$ 1,258	To reclassify Perry expense
Worksheet 10				
27. Direct Services (G) Community Employment	\$ 234,886	\$ (28,093)		To reclassify VR Coordinator's salary and benefits
		\$ 2,870		To match supporting documentation
		\$ (4,149)		To reclassify TEC expenses
		\$ (119)		To reclassify unallowable advertising expenses
		\$ (209)		To reclassify Hocking expense
		\$ 299		To reclassify Perry expense
		\$ 236		To reclassify Perry expense
		\$ 163		To reclassify Perry expense
		\$ (668)		To reclassify Fairfield expense
		\$ (4,692)	\$ 200,524	To reclassify Hocking expenses

Note 1: 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.

Note 2: Fairfield, Hocking, Licking and Perry 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, also see Trial Balance and Non-Payroll Expenditures section.



Dave Yost • Auditor of State

THE EMPLOYMENT CONNECTION

FRANKLIN 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 1, 2016