



Dave Yost • Auditor of State



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Independent Accountants' Report on Applying Agreed-Upon Procedures

Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

We have performed the procedures enumerated below, which were agreed to by the Ohio Department of Medicaid (ODM), on the Aging Administered Waiver Annual Cost Report (Cost Report) for the PSA 3 Agency on Aging, Inc. DBA Area Agency on Aging 3 (hereafter referred to as the PAA), for the period July 1, 2013 through June 30, 2014 (fiscal year (FY) 2014). The PAA's management is responsible for preparing this report. The sufficiency of these procedures is solely the responsibility of ODM. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Unless otherwise identified in the procedure, this report only describes exceptions exceeding \$500.

Revenue

1. We compared the revenue reported in the *Ohio Department of Aging (ODA) Administered Waiver Programs Monthly Financial Report, Final Page A* to the PAA's Standard General Ledger and PASSPORT Monthly Financial Reports. We reported variances in Appendix A (see Finding Number 1).
2. We compared the PAA's Monthly Liability Due and Monthly Accumulation Billing reports to the PAA's Standard General Ledger report and *Final Page A* and determined if the costs were properly posted. We reported variances in Appendix A (see Finding Number 2).

Square Footage

1. ODM asked that we obtain the PAA's square footage summary and compare it with the square footage used for the cost allocation in the Cost Report. The PAA did not have a square footage summary supporting the square footage allocation for July 1, 2013 to December 31, 2013 as required by the Cost Report Instructions in General Information section, which states in pertinent part, "Records, supporting documentation, and supplemental worksheets used to prepare the report must be current, accurate and maintained in an auditable condition."

We obtained the PAA's square footage summary for January 1, 2014 to June 30, 2014 and determined the PAA's allocation was based on FY 2013 square footage summary and time studies and was not in compliance with the Cost Report Instructions and 2 CFR 225, Appendix A (C)(3)(a), which states in pertinent part, "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received."

Recommendation:

The PAA should maintain supporting documentation as required by the Cost Report Instructions in the General Information section and update its square footage methodology to allocate costs in accordance with the relative benefits received as required by 2 CFR 225.

Trial Balance and Non-Payroll Expenses

1. We compared the disbursements on the PAA's Standard General Ledger reports to *Worksheet 1, Total Allowable Expenses by Line Item* for each waiver. The amounts agreed.

In addition, we compared the PAA's PASSPORT Information Management System (PIMS) report to total on *Worksheet 2, Waiver Services Expenses Detail* and determined if the variance was greater than one half percent of the total PIMS costs. We found no exception; however, we found variances below the threshold and determined the PAA's Cost Report did not contain an explanation for the variance.

2. We scanned the PAA's Standard General Ledger reports and selected 60 disbursements from all cost pools and determined if supporting documentation was maintained, the costs were allowable, properly allocated and classified to the correct cost center in accordance with the Three Party Agreement, Cost Report Instructions and 2 CFR part 225.

We determined that the PAA did not maintain supporting documentation or properly allocate and classify these disbursements. The PAA provided its Final FY 2014 Activity Report which reflected a new allocation methodology. We determined that the new methodology was consistent with the Cost Report Instructions. We re-performed the procedure determining if costs were properly allocated and classified using the Final FY 2014 Activity Report. We reported variances in Appendix A (see Finding Number 3).

3. We found that the PAA did not use a methodology consistent with the Cost Report Instructions or apply the correct allocation to each cost center consistent with its square footage and time allocation reports. See procedure 2 above and Square Footage section, procedure 1.

Payroll

1. We compared total salaries and benefits on *Worksheet 1* for each waiver to the PAA's Standard General Ledger reports to identify variances greater than two percent of each waiver's individual cost categories. The amounts agreed.
2. We selected 20 employees and obtained the detailed time sheets for one month for each employee. We verified that each employee's Earnings Sheet reports accurately rolled up to the individual cost centers on the Standard General Ledger reports. We found no variances resulting in decreased costs.

Property

1. We compared the PAA's capital costs reported on *Worksheet 1* to the Standard General Ledger reports. We found no variances exceeding \$500.
2. We compared the PAA's FY 2014 Depreciation Schedule to its FY 2013 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 which was not in compliance with the Cost Report Instructions. We found no variances.
3. We did not perform the procedure to test fixed assets as the PAA had no fixed assets being depreciated in their first year in FY 2014.

Property (Continued)

4. We selected the lesser of 10 percent or 10 disposed assets from the PAA's Items Sold report and determined if the asset was removed from the PAA's FY 2014 Depreciation Schedule. We also recalculated depreciation and any gain or loss for the one disposed item tested, based on the undepreciated basis and any proceeds received from the sale of the asset, to determine compliance with the Cost Report Instructions and CMS Publication 15-1, Chapter 1. We found no variances exceeding \$500.
5. We scanned the Standard General Ledger reports for items purchased during the fiscal year that met the PAA's capitalization criteria and the procurement requirements and traced them to the PAA's Depreciation Schedule. This included a scan of the repair and maintenance accounts to determine if these disbursements are properly reported in regards to capitalization and expenditure classification. We found no exceptions.

Contract Monitoring

1. We determined if the PAA had written procedures and supporting documentation during the Cost Report period showing it performed provider oversight processes which included pre-certification, on-site structural compliance, and provider desk reviews in accordance with Section II A(3) in its Three party agreement with ODM and ODA. We inquired of the PAA to identify any new providers with adverse findings identified from its monitoring activities.

We found the PAA had no written provider oversight policy or procedures. We selected five providers for pre-certification and structural compliance reviews (which included one provider with adverse findings), and all four desk reviews to determine if the PAA maintained supporting documentation for each monitoring activity.

We found no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Aging Administered Waiver Annual Cost Report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

This report is intended solely for the information and use of the PAA and ODM, and is not intended to be, and should not be used by anyone other than the specified parties.



Dave Yost
Auditor of State

October 17, 2017

Appendix A

PSA 3 Agency on Aging, Inc. dba Area Agency on Aging 3

SUMMARY OF COST AND EXPENSE ADJUSTMENTS (Corrections)

PROGRAM REVENUE

PROGRAM REVENUE									
COST REPORT									
Finding Number	Worksheet	Line	Account	Cost Center	Type of Finding	Specific Compliance Citation	Reported Costs	Audit Adjustments	Audited Cost
1	MFR - Part A	A-2	Client Liability Collected	Year-to-Date Previously Reported	Client liability amount did not agree to general ledger; unsupported revenue not a reclassification	Cost Report Instructions, General Information	\$134,279.00	(\$5,130.00)	\$129,149.00
2	MFR - Part A	A-21	Plus Year-to-Date Due	Current Month	Client liability amount did not agree to report; unsupported revenue not a reclassification	Cost Report Instructions, General Information	\$159,759.00	(\$9,172.00)	\$150,587.00
2	MFR - Part A	A-22	Minus Year-to-Date Collected	Current Month	Client liability amount did not agree to general ledger; unsupported revenue not a reclassification	Cost Report Instructions, General Information	\$134,279.00	(\$5,130.00)	\$129,149.00

PROGRAM PASSPORT

PROGRAM PASSPORT									
COST REPORT									
Finding Number	Worksheet	Line	Account	Cost Center	Type of Finding	Specific Compliance Citation	Reported Costs	Audit Adjustments	Audited Cost
3	1	4	Service Contracts	General Administrative	Allocation of vouchers using Final FY 2014 Activity Report (corresponding variance was to non-Medicaid costs)	2 CFR 225, Appendix A (C)(3)(a), Allocable Cost	\$14,417.00	(\$777.00)	\$13,640.00
3	1	4	Service Contracts	Evaluation and Assessment	Incorrect classification of expense	Cost Report Instructions, Cost Categories	\$1,346.00	\$588.00	\$1,934.00
3	1	5	Travel & Training	General Administrative	Incorrect classification of expense	Cost Report Instructions, Cost Categories	\$2,731.00	\$4,872.00	\$7,603.00
3	1	5	Travel & Training	Evaluation and Assessment	Incorrect classification of expense	Cost Report Instructions, Cost Categories	\$16,026.00	\$1,391.00	\$17,417.00
3	1	6	Equipment	General Administrative	Allocation of vouchers using Final FY 2014 Activity Report (corresponding variance was to non-Medicaid costs)	2 CFR 225, Appendix A (C)(3)(a), Allocable Cost	\$180.00	(\$1,986.00)	
3	1	6	Equipment	General Administrative	Equipment purchases that did not meet the capitalization policy	CMS Publication 15-1, Chapter 1, Depreciation		\$11,541.00	\$9,735.00
3	1	7	Equipment Repairs	Screening	Costs not accrued during FY 2014; unsupported cost not a reclassification	Cost Report Instructions, General Information	\$3,936.00	(\$522.00)	\$3,414.00
3	1	11	Capital Cost	General Administrative	Equipment purchases that did not meet the capitalization policy	CMS Publication 15-1, Chapter 1, Depreciation	\$29,719.00	(\$11,541.00)	\$18,178.00
3	1	11	Capital Cost	Screening	Allocation of vouchers using Final FY 2014 Activity Report (corresponding variance was to non-Medicaid costs)	2 CFR 225, Appendix A (C)(3)(a), Allocable Cost	\$15,374.00	(\$2,955.00)	\$12,419.00
3	1	11	Capital Cost	Evaluation and Assessment	Allocation of vouchers using Final FY 2014 Activity Report (corresponding variance was to non-Medicaid costs)	2 CFR 225, Appendix A (C)(3)(a), Allocable Cost	\$21,383.00	(\$5,267.00)	\$16,116.00
3	1	11	Capital Cost	Administrative Case Management	Allocation of vouchers using Final FY 2014 Activity Report (corresponding variance was to non-Medicaid costs)	2 CFR 225, Appendix A (C)(3)(a), Allocable Cost	\$43,109.00	(\$11,117.00)	\$31,992.00
3	1	12	Other Expense	General Administrative	Incorrect classification of expense	Cost Report Instructions, Cost Categories	\$17,103.00	(\$4,872.00)	\$12,231.00

Appendix A (Page 2)

PSA 3 Agency on Aging, Inc. dba Area Agency on Aging 3

PROGRAM PASSPORT (Continued)

COST REPORT									
Finding Number	Worksheet	Line	Account	Cost Center	Type of Finding	Specific Compliance Citation	Reported Costs	Audit Adjustments	Audited Cost
3	1	12	Other Expense	Screening	No documentation; unsupported cost not a reclassification	Cost Report Instructions, Records Retention	\$11,084.00	(\$1,319.00)	\$9,765.00
3	1	12	Other Expense	Evaluation and Assessment	Incorrect classification of expense	Cost Report Instructions, Cost Categories	\$11,222.00	(\$588.00)	
3	1	12	Other Expense	Evaluation and Assessment	Incorrect classification of expense	Cost Report Instructions, Cost Categories		(\$1,391.00)	\$9,243.00

PROGRAM Assisted Living

COST REPORT									
Finding Number	Worksheet	Line	Account	Cost Center	Type of Finding	Specific Compliance Citation	Reported Costs	Audit Adjustments	Audited Cost
3	1	6	Equipment	Evaluation and Assessment	Equipment purchases that did not meet the capitalization policy	CMS Publication 15-1, Chapter 1, Depreciation	\$14.00	\$1,388.00	\$1,402.00
3	1	6	Equipment	Administrative Case Management	Equipment purchases that did not meet the capitalization policy	CMS Publication 15-1, Chapter 1, Depreciation	\$114.00	\$5,052.00	\$5,166.00
3	1	11	Capital Cost	General Administrative	Allocation of vouchers using Final FY 2014 Activity Report (corresponding variance was to non-Medicaid costs)	2 CFR 225, Appendix A (C)(3)(a), Allocable Cost	\$1,404.00	(\$272.00)	\$1,132.00
3	1	11	Capital Cost	Screening	Allocation of vouchers using Final FY 2014 Activity Report (corresponding variance was to non-Medicaid costs)	2 CFR 225, Appendix A (C)(3)(a), Allocable Cost	\$121.00	(\$6.00)	\$115.00
3	1	11	Capital Cost	Evaluation and Assessment	Equipment purchases that did not meet the capitalization policy	CMS Publication 15-1, Chapter 1, Depreciation	\$1,723.00	(\$1,388.00)	
3	1	11	Capital Cost	Evaluation and Assessment	Allocation of vouchers using Final FY 2014 Activity Report (corresponding variance was to non-Medicaid costs)	2 CFR 225, Appendix A (C)(3)(a), Allocable Cost		\$383.00	\$718.00
3	1	11	Capital Cost	Administrative Case Management	Equipment purchases that did not meet the capitalization policy	CMS Publication 15-1, Chapter 1, Depreciation	\$11,952.00	(\$5,052.00)	
3	1	11	Capital Cost	Administrative Case Management	Allocation of vouchers using Final FY 2014 Activity Report (corresponding variance was to non-Medicaid costs)	2 CFR 225, Appendix A (C)(3)(a), Allocable Cost		(\$2,903.00)	\$3,997.00

Total Effect on Cost Report

(\$46,173.00)

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AREA AGENCY ON AGING 3

ALLEN 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
NOVEMBER 9, 2017**