



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 Area Agency on Aging, Planning and Service Area 2, a Passport Administrative Agency (hereafter referred to as the PAA), for the period July 1, 2013 through June 30, 2014 (fiscal year (FY) 2014). The Provider'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 described below either for the purpose for which this report has been requested or for any other purpose.

### 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 Program Year 2013 - PASSPORT Monthly Financial Reports to identify any variance greater than \$500.

We found variances as reported in Appendix A.

2. We compared the PAA's detailed Client Liability and the PASSPORT Monthly Account Billing reports to the PAA's Standard General Ledger and determined if the client liability amounts billed and collected were properly posted to identify any variances greater than \$500.

We found variances as reported in Appendix A.

### Square Footage

1. ODM asked that we obtain the PAA's square footage summary and/or floor plans and compare it with the square footage used for the cost allocation in the Cost Report.

We did not perform this procedure as the PAA did not use square footage as an allocation methodology.

### Trial Balance and Non-Payroll Expenses

1. We compared the disbursements on the PAA's Standard General Ledger Detail Reports to *Worksheet 1, Total Allowable Expenses by Line Item* for each waiver to identify variances greater than \$500 of each individual cost categories. In addition, we compared the PAA's PASSPORT Information Management System report by service category to *Worksheet 2, Waiver Services Expenses Detail* to identify variances greater than \$500.

We found no variances exceeding \$500 resulting in decreased costs.

### **Trial Balance and Non-Payroll Expenses (Continued)**

2. We scanned the PAA's Standard General Ledger Detail Reports and selected 60 disbursements from all cost pools. We determined if supporting documentation was maintained, the costs were allowable, properly allocated to correct cost center in accordance with the Three Party Agreement and/or Cost Report Instructions and properly classified according to 45 CFR part 75 to identify any variances greater than \$500.

We found variances as reported in Appendix A.

3. We reviewed the allocation methodology applied on *Worksheet 1* to determine if it is consistent with the approved methodologies in the Cost Report Instructions. We also verified that the PAA applied the correct allocation to each cost center consistent with its Medicaid Home and Community-Based Waivers Activity Report to identify variances greater than \$500 by cost center.

We found that the PAA's monthly salary allocation methodology was in compliance with the Cost Report Instructions. We found no variances.

### **Knowledge of Matters Outside Agreed-Upon Procedures**

As a separate matter that came to our attention, we noted that the PAA's methodology was not in compliance with CMS Publication 15-1 § 2307(A) which states: "Direct assignment of cost is the process of assigning directly allocable costs of a general service cost center to all cost centers receiving service from that cost center based upon actual auditable usage. Hours worked by hourly wage or metered utility consumption are examples of measures of actual usage...The direct assignment of costs must be made as part of the provider's accounting system with costs recorded in the ongoing normal accounting process."

#### **Recommendation:**

We recommend the PAA update its methodology for assigning direct costs to each program area in accordance with CMS cost methodologies.

### **Payroll**

1. We compared total salaries and benefits on the *Worksheet 1* for each waiver to the PAA's Standard General Ledger Detail Reports and supporting crosswalk to identify variances greater than two percent of each waiver's individual cost categories.

We found no variances exceeding two percent.

2. We selected 20 employees and obtained the detailed time sheets for one month for each employee. We verified that each employee's Monthly Summary Time Log accurately rolled up to the individual cost centers on the monthly time study used for allocating costs.

We found no variances.

### **Property**

1. We compared the PAA's capital costs reported on *Worksheet 1* to the Standard General Ledger Detail Reports and supporting crosswalk to identify any variances greater than \$500 by cost center.

We found no variances exceeding \$500.

### Property (Continued)

2. We compared the PAA's FY 2014 Depreciation Schedule to its prior FY 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 to identify any cell variances greater than \$500 by cost center.

We found no variances.

3. ODM asked us to determine the PAA's capitalization threshold and select the lesser of 10 or 10 percent of the PAA's fixed assets which meet the capitalization threshold and were being depreciated in the first year in FY 2014 and determine if the useful lives agreed to the estimated useful lives prescribed in the 2013 American Hospital Association (AHA) Asset Guide.

ODM also asked to recompute the first year's depreciation for the assets tested, based on cost, acquisition date and useful life to determine compliance with the Cost Report Instructions and AHA Asset Guide to identify any variances greater than \$500 by cost center.

We did not perform this procedure as the PAA had no fixed assets being depreciated in the first year in FY 2014.

4. ODM asked us to select the lesser of 10 percent or 10 disposed assets from the PAA's deletion report and determined if the asset was removed from the PAA's Depreciation Schedule. ODM also asked us to recalculate depreciation and any gain or loss for the disposed items tested, based on the undepreciated basis and any proceeds received from the disposal or sale of the asset to determine compliance with the Cost Report Instructions and CMS Publication 15-1, Chapter 1 to identify any variances greater than \$500 by cost center.

We did not perform this procedure as the PAA stated that no capital assets were disposed of FY 2014.

5. We scanned the Standard General Ledger Detail 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 to identify any variances greater than \$500 by cost center. This includes a scan of the repair and maintenance accounts to determine if these disbursements are properly reported in regards to capitalization and/or expenditure classification.

We found no variances.

### Contract Monitoring

1. We determined the PAA had written procedures and supporting documentation during the Cost Report period showing it performed provider oversight processes, which included pre-certification provider reviews, annual provider reviews and site visits in accordance with Section III (A)(3)(b)-(c) in its Three party agreement with ODM and ODA.

We selected five providers to compare each applicable monitoring activity to supporting documentation. We found no instances of non-compliance.

Area Agency on Aging, Planning and Service Area 2  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures

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 PAA's 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 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 "D" and "Y".

**Dave Yost**  
Auditor of State

August 1, 2017

**Appendix A**  
**Area Agency on Aging, PSA2**  
**2014 Aging Administered Waiver Annual Cost Report Adjustments**

	<b>Reported</b>		<b>Corrected</b>	
	<b>Amount</b>	<b>Correction</b>	<b>Amount</b>	<b>Explanation of Correction</b>
<b>Final A Page</b>				
A-2 Client Liability Collected (C) Cumulative Year-to-Date	\$ 735,655	\$ (18,480)	\$ 717,175	To match revenue report
A-22 Minus Year-to-Date Collected (B) Current Month	\$ 735,655	\$ (18,480)	\$ 717,175	To match revenue report
<b>Schedule A</b>				
<b>PASSPORT</b>				
1. General Administration (2) Non-Medicaid Expenses	\$ 35,639	\$ 85	\$ 35,724	To reclassify non-federal reimbursable costs
2. Screening (2) Non-Medicaid Expenses	\$ 36,594	\$ 57	\$ 36,651	To reclassify non-federal reimbursable costs
3. Assessment (2) Non-Medicaid Expenses	\$ 320,495	\$ 98	\$ 320,593	To reclassify non-federal reimbursable costs
6. Case Management (2) Non-Medicaid Expenses	\$ -	\$ 510	\$ 510	To reclassify non-federal reimbursable costs
<b>Worksheet 1</b>				
<b>PASSPORT</b>				
4. Service Contracts (1) General Administrative	\$ 18,305	\$ 90	\$ 18,395	To reclassify service contract expenses
4. Service Contracts (2) Screening	\$ 12,144	\$ 60	\$ 12,204	To reclassify service contract expenses
4. Service Contracts (3) Evaluation and Assessment	\$ 21,137	\$ 104	\$ 21,241	To reclassify service contract expenses
4. Service Contracts (4) Administrative Case Management	\$ 109,381	\$ 536	\$ 109,917	To reclassify service contract expenses
5. Travel & Training (1) General Administrative	\$ 30,900	\$ (85)	\$ 30,815	To remove non-federal reimbursable costs
5. Travel & Training (2) Screening	\$ 20,500	\$ (57)	\$ 20,443	To remove non-federal reimbursable costs
5. Travel & Training (3) Evaluation and Assessment	\$ 35,679	\$ (98)	\$ 35,581	To remove non-federal reimbursable costs
5. Travel & Training (4) Administrative Case Management	\$ 184,637	\$ (510)	\$ 184,127	To remove non-federal reimbursable costs
8. Supplies (1) General Administrative	\$ 11,460	\$ (90)	\$ 11,370	To reclassify service contract expenses
8. Supplies (2) Screening	\$ 7,603	\$ (60)	\$ 7,543	To reclassify service contract expenses
8. Supplies (3) Evaluation and Assessment	\$ 13,233	\$ (104)	\$ 13,129	To reclassify service contract expenses
8. Supplies (4) Administrative Case Management	\$ 68,478	\$ (536)	\$ 67,942	To reclassify service contract expenses

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**AREA AGENCY ON AGING, PLANNING AND SERVICE AREA 2 - PAA**

**MONTGOMERY 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  
AUGUST 24, 2017**