



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 Medicaid ICF-IID Cost Report of Richland County Board of Developmental Disabilities DBA Harding Avenue Home (hereafter referred to as the Provider) for the period January 1, 2015 through December 31, 2015. The Provider's management is responsible for preparing the Medicaid ICF-IID Cost 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 and resulting in decreased costs.

### **Occupancy and Usage**

1. We compared the number of patient days for Medicaid and non-Medicaid patients from the Provider's Summary of Beds and Inpatient Days report to those reported on *Schedule A-1, Summary of Inpatient Days* to determine if the Provider's patient days were greater than those reported. We also footed the Provider's census report for accuracy. We found no variances.
2. We selected five residents' medical records and compared the total days of care for December 2015 with the inpatient days reported on the Daily Census reports and *Schedule A-1* to determine if total patient days were greater than those reported. We also determined if the Provider included any waiver respite days as Medicaid or Medicare days and if bed hold days in excess of 30 in a calendar year and it received the proper authorization on form JFS 09402 in accordance with Ohio Admin. Code § 5123:2-7-08. We found no variances and no misclassified waiver respite days or unauthorized bed hold days.
3. We compared the number of reimbursed Medicaid days per the Quality Decision Support System (QDSS) with the total Medicaid days reported on *Schedule A-1* and found that total Medicaid days reported agreed with Medicaid reimbursed days.

### **Medicaid Paid Claims**

1. We selected paid claims for five residents for December 2015 from MITS and compared the reimbursed days to the days documented per the resident's medical records. We compared the Provider's documentation to the general requirements of CMS Publication 15-1, Chapter 23, Ohio Admin. Code § 5123:2-7-12, the specific requirements of Ohio Admin. Code § 5123:2-7-08(C) to (I) as an occupied or bed hold day, and Ohio Admin. Code § 5123:2-7-15 for the payment adjustment requirements for resident's admission, discharge or death. We found no instances of non-compliance.

## Revenue

1. We compared all revenues on the Provider's Revenue Analysis report with those revenues reported on *Attachment 1, Revenue Trial Balance*. We found a difference which was not reported in accordance with the Appendix to Ohio Admin. Code § 5123:2-7-16 and/or CMS Publication 15-1 as reported in Appendix A.
2. We scanned the Provider's Summary Revenue report for any revenue offsets or applicable credits which were not reported on *Attachment 2, Adjustments to Trial Balance* or *Schedule B-1, Other Protected Costs*; *Schedule B-2, Direct Care Cost Center*; and *Schedule C, Indirect Cost Care Center* to offset corresponding expenses in accordance with CMS Publication 15-1, Chapters 1, 6, and 8. We found no sources on the Summary Revenue report other than Medicaid; however, the Provider did not provide us with detailed revenue reports to perform this procedure.

## Non-Payroll Expenses

1. We compared all non-payroll expenses reported on *Schedule B-1, Schedule B-2* and *Schedule C* to the Provider's Invoice List by GL Account report. We found variances as reported in Appendix A.
2. We reviewed the allocation methodology used in the Provider's Agency Administrative Cost Report Detail YTD report allocating Home Office costs on *Schedule B-1, Schedule B-2* and *Schedule C* and we confirmed that the costs were reasonable, allowable, related to residential care, and properly classified in accordance with Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1, Section 2150. We reported any reclassifications and adjustments resulting in decreased costs exceeding five percent on any schedule. We found no inconsistencies or improper allocation methodologies used in the Home Office Trial Balances which allocated costs among multiple Intermediate Care Facility providers.
3. We scanned the Provider's Invoice List by GL Account report and selected 20 non-payroll expenses that were reported on *Schedule B-1, Schedule B-2, Schedule C, and Exhibit 3, Home Office Trial Balance*. We confirmed that supporting documentation was maintained, the costs were properly allocated, classified, and allowable per Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1, except those variances reported in Appendix A.

We found no unreported contract costs which would require reporting on *Schedule C-3, Costs of Services from Related Parties*.

4. We compared the 2015 non-payroll costs reported on *Schedule B-1, Schedule B-2* and *Schedule C* by chart of account code to similar reported costs in 2014. We obtained the following Provider's explanations for five non-payroll variances that increased by more than five percent and \$500:
  - Heat, Light, Power costs increased on *Schedule B-1* due to change in responsibility of utilities;
  - Incontinence Supplies costs increased on *Schedule C* due to overall increases in costs of supplies;
  - Program Supplies costs increased on *Schedule C* due to additions in programs;
  - Repair and Maintenance costs increased on *Schedule C* due to increase in the number of repairs; and
  - Minor Equipment costs increased on *Schedule C* due to overall increase in costs.

## Property

1. We compared the Provider's procedures regarding capitalization of fixed assets used for preparing *Schedule D, Capital Cost Center; Schedule D-1, Analysis of Property, Plant and Equipment* and *Schedule D-2, Capital Additions/Deletions* with Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1. We found an inconsistency as the Provider did not determine a salvage value when calculating depreciation as required by CMS Publication 15-1, 104.19, which states "Virtually all assets have a salvage value substantial enough to be included in calculating depreciation, and only in rare instance is salvage value so negligible that it may be ignored."

### Recommendation:

We recommend the Provider calculate a salvage value equal to 10 percent of historical cost when determining the initial net book value to be depreciated for each new capital asset purchase.

2. We compared capital assets and corresponding depreciation listed on *Schedule D, Schedule D-1* and *Schedule D-2* to the Provider's Depreciation Expense Report. We found no variances.
3. We selected an addition and a renovation reported on *Schedule D-1* and *Schedule D-2* and confirmed the cost basis, useful life and depreciation expense were reported in accordance with Ohio Admin. Code § 5123:2-7. We also confirmed that the assets were used in residential care. We found no assets should be reclassified as the Costs of Ownership in accordance with Ohio Admin § 5123:2-7 and CMS Publication 15-1.
4. We reviewed the rent and lease agreements and confirmed that lease costs were not withrelated parties and that non-related leases met the requirements of FASB 13 and Ohio Admin. Code § 5123:2-7-24(B) and related FASB guidance on leasehold improvements for costs were recorded in *Schedule D* in Lease and Rent Accounts 8060 or 8065. We found no variances resulting in decreased costs.
5. We compared the renovation and financing costs in the Non-extensive Renovation Letter to *Schedule D-1*, as costs were recorded in *Schedule E, Balance Sheet* (Account 1300, Renovations). We found no variances.
6. We did not review the Depreciation Expense report, transportation logs, or W-2s for corporate officers or owners to test transportation expenses as no current year transportation costs were reported on *Schedule D-1*.

## Payroll

1. We compared all salary, fringe benefits and payroll tax entries and hours worked reported on the Provider's Residential Salaries and Benefits report and corresponding departmental allocation reports to the amounts reported on *Schedule B-1; Schedule B-2; Schedule C; Schedule C-1, Administrator's Compensation; and Schedule C-2, Owner's Relatives Compensation*. We found no variances.
2. We selected a sample of five employees reported on *Schedule B-1, Schedule B-2, Schedule C and Exhibit 3* and compared the Provider's job descriptions to the schedule in which each employee's salary and fringe benefit expenses were reported. We confirmed that the payroll costs were allowable under CMS Publication 15-1, were properly classified, allocated and allowable in accordance with Ohio Admin. Code § 5123:2-7 and CMS Publication 15-1, Chapter 9 and Section 2150.

**Payroll (Continued)**

3. We compared the 2015 payroll costs reported on *Schedule B-1, Schedule B-2, Schedule C, Schedule C-1* and *Schedule C-2* by chart of account code to similar costs reported in 2014. We obtained the following Provider's explanation for the three payroll variances that increased by more than five percent and \$500:
  - License Practical Nursing (LPN) costs increased on *Schedule B-2* due to use of more LPNs over Registered Nurses;
  - Dietary Personnel costs increased on *Schedule C* due to Kitchen Supervisor now being allocated; and
  - Other Administrative Personnel costs increased on *Schedule C* due to an addition of an administrative sub.

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 Medicaid ICF-IID 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 Provider and the Ohio Department of Medicaid, and is not intended to be, and should not be used by anyone other than the specified parties.



**Dave Yost**  
Auditor of State

January 10, 2018

Appendix A  
 Richland County Board of Developmental Disabilities DBA Harding Avenue Home  
 2015 Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Schedule C Indirect Care Cost Center</b>				
<b>Administrative and General Services</b>				
39. Accounting - 7265 - Other/Contract Wages (2)	\$ 6,064	\$ (2,790)	\$ 3,274	To agree to the general ledger
<b>Attachment 1 Revenue Trial Balance</b>				
<b>Routine Service - Room and Board</b>				
3. Medicaid - 5012- Total (2)	\$ 654,054	\$ (109,893)	\$ 544,161	To agree to actual revenue received

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**RICHLAND CBDD- HARDING AVE HOME**

**RICHLAND 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 6, 2018**