



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## Independent Accountants' Report on Applying Agreed-Up Procedures

Ohio Department of Medicaid  
50 West Town Street, Suite 400  
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We have performed the procedures enumerated below on the Area Agency on Aging District 7, Inc.'s Medicaid Waiver Cost Report (Cost Report) and certain compliance requirements related to contract monitoring for the year ended June 30, 2021, included in the information provided to us by the management of the Area Agency on Aging District 7, Inc. The Area Agency on Aging District 7, Inc. is responsible for completion of the Cost Report and contract monitoring as required by the Agreement between the Ohio Department of Medicaid (ODM) and the Ohio Department of Aging (ODA) and the PASSPORT Administrative Agency (PAA).

The ODM and the ODA have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the Cost Report. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. 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.

The procedures and the associated findings are as follows:

### **Revenue**

1. We agreed the revenue on *Final Page A* to the Normal Trial Balance and Client Liability worksheet and agreed the Transfer-In amount to the prior year Cost Report. There were no variances.
2. We agreed each client liability amount on *Final C Page* to the Client Liability worksheet and we agreed the beginning receivable to the Prior Year Cost Report. There were no variances.

### **Square Footage**

1. We compared the Square Footage summary to the Distribution Codes List used to allocate costs to each waiver worksheet. There were no square footage variances.

### **Trial Balance and Non-Payroll Expenses**

1. We agreed the disbursements for each waiver on the Normal Trial Balance and Cost Report worksheets to *Worksheet 1, Total Allowable Expenses by Line Item*. There were no variances.

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

We compared total PASSPORT Information Management System (PIMS) costs to total *Worksheet 2, Waiver Services Expenses Detail* and calculated the variance. The variance exceeded one half percent of total PIMS costs and we confirmed the Cost Report contained no explanation of the variance.

2. For each waiver worksheet, we calculated five percent of the total of all non-payroll cost report accounts and identified any cost report accounts with a total that exceeds the five percent threshold. We scanned the General Ledger by Department Group Code for potential unallowable or improperly allocated costs per 2 CFR 200 Subpart E that impact the identified account codes and selected 60 disbursements including items identified in the scan.

We obtained the invoice and/or contract for each selected expense and;

- We confirmed documentation for the full cost was maintained as required by PAA Medicaid Waiver Cost Report Instructions (Cost Report Instructions) and 2 CFR 200.403(g).
- We footed the invoice/documentation for accuracy and found no computational differences resulting in decreased costs on *Worksheet 1*.
- For invoices with a corresponding contract, we compared the invoice rate to the contracted rate and found no differences resulting in decreased costs.
- We compared documentation for each expense to the unallowable categories listed in 2 CFR part 200.400 - .475. There were no variances.
- We compared the documented non-payroll expense and type of expense to the worksheet and account classification on the Cost Report and with the Cost Report Instructions and the PAA's Cost Allocation Policy. There were account reclassifications between cost report accounts exceeding \$1,000 per row. For any errors found in the above, we scanned the corresponding invoices to identify any additional similar misclassifications and found one additional error. We reported these reclassifications in the Appendix.
- We documented the name and type of expense and if the purpose was unclear, we inquired with the PAA to determine the business purpose of the expense. We confirmed the non-payroll expenses benefitted the PAA's Medicaid Waiver Programs in accordance with 2 CFR part 200.405 and CMS Publication 15-1 § 2302.4 and did not benefit other programs.
- We compared the documented cost and type of expense to the PAA's Depreciation/ Capitalization Policy and confirmed the expense was not a capital asset.
- We compared the cost methodology and allocation statistics for each expense to the allowable methods per the Cost Report Instructions and CMS 15-1 § 2302. There were no differences resulting in decreased costs.
- We confirmed each amount was recorded on the accrual basis, in accordance with the Cost Report Instructions, by agreeing the date/time period of the invoice/documentation to the Cost Reporting period.

### **Payroll**

1. We agreed salaries and benefits on the Normal Trial Balance and Cost Report worksheets to *Worksheet 1* for each waiver. There were no variances.

### Payroll (Continued)

We compared the first and last pay periods on the General Ledger to the adjusting journal entries to confirm employee payroll expenses were reported on the accrual basis. There were no variances resulting in decreased cost.

2. We obtained the Employee Listing and Gross to Net Summary report and counted the total number of employees reported on *Worksheet 1*. We selected a sample of the lessor of 10 employees or 25 percent of the number of total employees reported on *Worksheet 1*. We performed the following procedures on each of the 10 employees in the sample:
  - We compared the employee payroll documentation (Monthly Timestudy, Monthly Gross Wages and Posted General Ledger Transactions reports, job description and if the programs which benefit from the employees' work is unclear, inquire with the PAA) to the unallowable categories listed in 2 CFR part 200.400 - .475. There were no variances.
  - We compared the employee documentation to 2 CFR part 200.405 and CMS Publication 15-1 § 2302.4 to determine if the cost benefitted the Medicaid program and did not benefit other programs. There were no variances.
  - We compared the employee payroll documentation to the worksheet and account classification on the Cost Report, the Cost Report Instructions and the PAA's Cost Allocation Policy. There were no variances which resulted in reclassifications between cost report accounts exceeding \$1,000.
  - We compared the cost methodology and allocation statistics for each employee payroll expense to the allowable methods per the Cost Report Instructions and CMS 15-1 §§ 2302. There were no differences.

### Property

1. We agreed the capital costs on the Depreciation Schedule to the General Ledger by Department Group Code and the General Ledger to the Cost Report Backup worksheet. We compared the capital costs on the Cost Report Backup worksheet to *Worksheet 1* and found no differences.
2. We compared the final FY 21 Depreciation Schedule to the FY 20 Depreciation Schedule for changes in the depreciation amounts for assets purchased prior to FY 21, 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. There were no reclassification exceeding \$1,000 or variances resulting in decreased costs.
3. We selected 10 percent of the capital assets which were being depreciated in the first year in FY 21. We recalculated the first year's depreciation for the two assets selected, based on the Cost Report Instructions and useful lives prescribed in the 2018 American Hospital Association Asset Guide. We compared the recalculated depreciation to the reported depreciation. There were no variances.
4. We scanned the Depreciation Schedule and the General Ledger by Department Group Code for any losses on capital assets on *Worksheet 1* which were not in accordance with CMS Publication 15-1, Chapter 1, § 104.10(E). We found no losses.
5. We scanned the General Ledger by Department Group Code for items purchased during the reporting period that met the capitalization criteria and traced them to the Depreciation Schedule. There were no variances.

### **Contract Monitoring**

1. We obtained the PAA's written procedures and supporting documentation related to performing provider oversight processes in accordance with Section II (A)(3)(d)(ii) in its Three Party Agreement. We selected five providers for each type of provider oversight, including five pre-certification and five structural compliance reviews and compared supporting documentation to the written procedure requirements. We found one pre-certification review did not include supporting documentation that the provider and ODA were notified of the certification status.

We conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the PAA's Cost Report and compliance with contract monitoring requirements. 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 to you.

We are required to be independent of the PAA and to meet our ethical responsibilities, in accordance with the ethical requirements established by the AICPA related to our agreed-upon procedures engagement.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 26, 2023

Appendix  
Area Agency on Aging District 7, Inc.  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures

**SUMMARY OF COST AND EXPENSE ADJUSTMENTS (Corrections)**

**PROGRAM PASSPORT**

COST REPORT									
Finding Number	Work sheet	Line	Account	Cost Center	Type of Finding	Specific Compliance Citation	Reported Costs	Adjustment	Adjusted Cost
1	1	7	Supplies	General Admin.	To reclass membership dues to other expenses	Cost Report Instructions	\$35,754	(\$23,341)	\$12,413
1	1	11	Other Expense	General Admin.	To reclass membership dues to other expenses	Cost Report Instructions	\$0	\$23,341	\$23,341
1	1	7	Supplies	Case Management	To reclass membership costs to other expenses	Cost Report Instructions	\$63,821	(\$402)	
3	1	7	Supplies	Case Management	To reclass advertising costs to other expenses	Cost Report Instructions		(\$3,593)	\$59,826
2	1	3	Service Contracts	Case Management	To reclass generator repairs to equipment repairs	Cost Report Instructions	\$113,121	(\$2,943)	\$110,178
2	1	6	Equipment Repairs	Case Management	To reclass generator repairs to equipment repairs	Cost Report Instructions	\$23,793	\$2,943	\$26,736
1	1	11	Other Expense	Case Management	To reclass membership costs to other expenses	Cost Report Instructions	\$0	\$402	
3	1	11	Other Expense	Case Management	To reclass advertising costs to other expenses	Cost Report Instructions		\$3,593	\$3,995

**Total Effect on Cost Report**

**\$0**

# OHIO AUDITOR OF STATE KEITH FABER



**AREA AGENCY ON AGING DISTRICT 7, INC.**

**GALLIA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 2/14/2023**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)