



**NORTHCOAST BEHAVIORAL HEALTHCARE
SUMMIT COUNTY COMMUNITY SUPPORT NETWORK**

AGREED UPON PROCEDURES

**FOR THE COST REPORTING PERIOD
JULY 1, 2007 THROUGH JUNE 30, 2008**

AND

JULY 1, 2008 THROUGH JUNE 30, 2009



Dave Yost • Auditor of State

**NORTHCOAST BEHAVIORAL HEALTHCARE
SUMMIT COUNTY COMMUNITY SUPPORT NETWORK**

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Independent Accountants' Report on Applying Agreed-Upon Procedures

May 24, 2011

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Assistant Deputy Director for Operations
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As required by Ohio Admin. Code Section 5122-26-19 the Auditor of State's Office (AOS) performed the procedures enumerated below, which are also codified in Ohio Admin. Code Section 5122-26-19.1, Appendix A, to which the Ohio Department of Mental Health (ODMH) also agreed. These procedures are designed to assist you in evaluating whether Northcoast Behavioral Healthcare: Summit County Community Support Network (hereafter referred to as Summit County CSN) prepared its Actual Uniform Cost Report (AUCR) for the periods July 1, 2007 through June 30, 2008 and July 1, 2008 through June 30, 2009, in accordance with the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19 and to assist you in evaluating whether expenditure transactions complied with 2 CFR Part 225 (OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*), and other compliance requirements described in the procedures below. Summit County CSN's management is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of ODMH. 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.

Throughout this report we identified and documented any variance greater than plus or minus two percent as material and obtained management's explanation of the variance(s) for inclusion in this agreed-upon procedures report. Our procedures and findings are as follows:

I. Mathematical Accuracy Testing

1.) We compared total disbursements on the FIN103 Expenditures by Department ID and Account report to total disbursements reported on all four County CSN AUCRs (Cuyahoga, Lake, Mahoning, and Summit) combined during State Fiscal Years (SFY) ending June 30, 2008 and June 30, 2009.

Ohio Admin. Code Section 5122-26-19 (B) requires each CSN to prepare its AUCR in accordance with accounting principles generally accepted in the United States of America. However, the AUCR reviewed for Summit County CSN was prepared on a cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The AUCR omits accrued expenses that, while we presume to be material, the effect upon our testing of the procedures could not be determined.

We found a variance of \$281,171 (four percent) when comparing total disbursements on the FIN103 Expenditures by Department ID and Account reports to total disbursements on the AUCRs for all four County CSNs combined during SFY 2008. We reconciled payroll to identify individual adjustments for SFY 2008 (see Personnel Costs Procedure results). We found no differences exceeding two percent for SFY 2009 for all four County CSNs combined.

2a.) We compared the sum of the totals reported on the AUCR for personnel and non-personnel costs with the amount reported on the AUCR for the total costs of each service.

We found that for SFY 2008 and 2009 Summit County CSN AUCRs did not break out Administrative Costs into Non-Personnel and Personnel Cost totals as required by the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19 (E) which states in pertinent part, "the purpose of this step is to equitably allocate all administrative overhead costs among the various mental health services as well as non-mental health services, (e.g., alcohol and other drug services, Title IV-E services, etc.). Up to this point, personnel and non-personnel costs have been allocated to administrative overhead as a discrete service as well as the other mental health services." See Part III.E.1.

2b.) We compared the sum of the reported service total costs and allocation of administrative overhead from the AUCR with the value reported on the AUCR for total costs of each service.

We found no differences for SFY 2008 and 2009.

2c.) We compared the result of total costs divided by the number of units from the AUCR with the cost per unit reported on the AUCR for each service.

We found no differences for SFY 2008 and 2009.

2d.) We compared the difference of the value reported for total costs less unallowable costs from the AUCR with the value reported for total allowable costs on the AUCR for each service.

We found no differences for SFY 2008 and 2009.

2e.) We compared the result of reported allowable costs divided by the number of units served from the AUCR with the allowable cost per unit reported on the AUCR for each service.

We found no differences for SFY 2008 and 2009.

2f.) We compared the sum of the amount reported in each column, from the number of full-time equivalents (FTEs) assigned to the total allowable costs from the AUCR, with the total mental health services reported on the AUCR under each corresponding column.

We found no differences for SFY 2008 and 2009.

2g.) We compared the sum of the values reported under total mental health services, the values reported in the total agency service total and administrative overhead from the AUCR with the agency total costs reported on the AUCR under each corresponding column.

We found no differences for SFY 2008 and 2009.

II. Personnel Costs

1.) We compared total salaries, wages, and fringe benefits on the Ohio Administrative Knowledge System (OAKS) Recap by Staff by Cost Center report to total personnel costs reported on all four County CSN AUCRs (Cuyahoga, Lake, Mahoning, and Summit) combined during SFY 2008 and 2009.

We found a variance of \$414,239 (six percent) when comparing total salaries, wages, and fringe benefits on the OAKS Recap by Staff by Cost Center report to total personnel costs on the SFY 2008 AUCR for all four County CSNs combined (see Procedure 2 results below). We did not find a variance exceeding two percent for SFY 2009 for all four County CSNs combined.

2.) We reconciled total salaries and fringe benefit costs of each employee reported on *Schedule A-2, Personnel Services Costs Worksheet* to the OAKS Recap by Staff by Cost Center report for SFY 2008.

We found \$1,373 in employee salaries were not allocated to the Summit County CSN's SFY 2008 AUCR. We reported these variances in Appendix A (2008).

3.) From the personnel costs reported on the AUCRs, we selected 11 employees for the pay period ending June 7, 2008 and 10 employees for the pay period ending June 6, 2009 whose personnel costs roll-up to those costs. We performed the following procedures on these samples by inspecting the supporting documentation (e.g., Recap by Cost Center Report, job descriptions, etc.).

3a.) We determined if supporting documentation for personnel costs was maintained as required by 2 CFR 225 (OMB Circular A-87, Appendix A, (C) (1)(J)) and properly classified as allowable or unallowable as defined in sections (1) and (2) of paragraph (H) of Ohio Admin. Code Section 5122-26-19.

We found no differences for SFY 2008 and 2009.

3b.) For any unallowable personnel disbursements we reviewed the AUCR to determine if they were included in unallowable costs.

We found no unallowable personnel disbursements for SFY 2008 and 2009.

3c.) For any unallowable personnel disbursements we determined if they were allocated on the Budgeted Uniform Cost Report (BUCR) using the same cost methodology as they were allocated on the AUCR (e.g., number of FTEs).

We found no unallowable personnel disbursements for SFY 2008 and 2009.

3d.) We reviewed supporting documentation to determine if personnel costs were properly allocated as direct service or support service costs and to the appropriate service(s) (e.g., pharmacological management) in accordance with the Actual Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

We found no differences for SFY 2008 and 2009.

III. Non-Personnel Costs

1.) From the non-personnel costs reported on the AUCR, we haphazardly (as defined in the American Institute of Certified Public Accountants audit sampling guide) selected 28 and 40 non-personnel disbursements in SFY 2008 and 2009, respectively. We performed the following procedures on each selected disbursement:

1a.) We determined if each disbursement was properly classified as allowable or unallowable as defined in sections (1) and (2) of paragraph (H) of Ohio Admin. Code Section 5122-26-19 and 2 CFR Part 225, Appendix A, (C)(1)(j) and Appendix B.

Psychiatric drug disbursements in the amount of \$42,662 in SFY 2008 and \$50,879 in SFY 2009 were unallowable community mental health costs under Ohio Admin. Code Section 5101:3-27-02 (A)(1)-(A)(6) which does not cover reimbursement for drug injections. These disbursements were also deemed unallowable under 2 CFR Part 225, Appendix A, Section (C)(3)(c) since these costs were already

recouped by billings charged through Medicaid and therefore the costs cannot be additionally recouped through the community mental health actual uniform cost reports in SFY 2008 and 2009.

The unallowable non-personnel disbursements identified for SFY 2008 and 2009 were not properly classified as unallowable costs on the AUCR. We reported these variances in Appendix A (2008) and Appendix B (2009).

1b.) We determined if the allocation method(s) used for the sampled non-personnel disbursements have been made in accordance with the procedures outlined in the Actual Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

2008 Results: We found three storeroom disbursements underreported costs on the AUCR. Upon further review of all storeroom disbursements we identified a total of \$268 in costs not included in the AUCR for SFY 2008.

One miscellaneous disbursement required a reclassification of \$98 from community psychiatric supportive treatment (individual) and support for independent living to pharmacological management in SFY 2008.

We reported these variances in Appendix A (2008).

2009 Results:

Two telephone disbursements for \$141 required a reclassification from Summit-Utilities to Cuyahoga County CSN telephones in SFY 2009.

One miscellaneous disbursement required a reclassification of \$101 from community psychiatric supportive treatment (individual) to pharmacological management in SFY 2009.

We reported these variances in Appendix B (2009).

1c.) For any unallowable non-personnel disbursements we determined if they were allocated on the Budgeted Uniform Cost Report (BUCR) using the same cost methodology as they were allocated on the AUCR (e.g. number of FTEs).

We found no differences for SFY 2008 and 2009.

IV. Administrative Overhead Costs

1.) From the administrative overhead costs reported on the AUCR, we haphazardly (as defined in the American Institute of Certified Public Accountants audit sampling guide) selected 21 and 20 non-personnel disbursements for SFY 2008 and 2009, respectively.

Because the OAKS financial system could not generate a detailed payroll report by employee which would rollup payroll costs to the FIN128 Total Disbursements by Department ID report we could not select employees charged to administrative overhead costs. Therefore, we were not able to fully determine if payroll costs were allocated in a reasonable manner as required by 2 CFR Part 225 Appendix A, (C)(3)(a).

We performed the following procedures on each selected disbursement:

1a.) We determined if each disbursement was properly classified as allowable or unallowable as defined in sections (1) and (2) of paragraph (H) of Ohio Admin. Code Section 5122-26-19 and 2 CFR Part 225,

Appendix A, (C)(1)(j) and Appendix B.

2008 Results:

One disbursement in the amount of \$1,376 was not adequately documented as required by 2 CFR Part 225, Appendix A, Section (C)(1)(j) in SFY 2008.

Seven disbursements totaling \$81,903 in SFY 2008 were either directly related to hospital clients, employees or activities and/or there was not enough supporting documentation to demonstrate a direct or indirect benefit to the CSN; therefore, the cost was unallowable under 2 CFR Part 225, Appendix A, Section (C)(3)(a) and (C)(1)(j).

We calculated the portion of these unallowable administrative overhead disbursements allocated to Summit County CSN as \$1,572 in SFY 2008. The unallowable administrative overhead disbursements identified for SFY 2008 were not properly classified as unallowable costs on the AUCR; therefore, we reported these variances in Appendix A (2008).

2009 Results:

Four disbursements totaling \$185,831 were either directly related to hospital clients, employees or activities and/or there was not enough supporting documentation to demonstrate a direct or indirect benefit to the CSNs; therefore, the cost was unallowable per 2 CFR Part 225, Appendix A, Sections (C)(3)(a) and (C)(1)(j). We calculated the portion of these unallowable disbursements that were allocated to Summit County CSN as \$2,954 in SFY 2009.

The unallowable administrative overhead disbursements identified for SFY 2009 were not properly classified as unallowable costs on the AUCR; therefore, we reported these variances in Appendix B (2009).

1b.) We determined if the allocation method(s) used for the tested administrative overhead disbursements were allocated using only one of the allowable methods described in the Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

We found no unallowable allocation methods for SFY 2008 and 2009.

1c.) For any unallowable administrative overhead costs we determined if they were allocated on the BUCR using the same cost methodology as they were allocated on the AUCR (e.g., number of FTEs).

We found no differences for SFY 2008 and 2009.

V. Units of Service

1.) We compared the number of units on the AUCR with the Summit County CSN units of service cross tab report to determine if units were reported in compliance with the Actual Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19.

We found no differences for SFY 2008 and 2009.

2.) From and by each service with costs reported on the AUCR, we haphazardly (as defined in the American Institute of Certified Public Accountants audit sampling guide) selected 41 and 46 units of service for SFY 2008 and 2009, respectively. We performed the following procedures on the selected units:

2a.) We determined if supporting documentation for the units of service was maintained as required by the Actual Uniform Cost Reporting Appendix to Ohio Admin. Code Section 5122-26-19 and met the

service documentation requirements of Ohio Admin. Code Section 5101:3-27-07 and units of service conventions in Ohio Admin. Code Section 5101:3-27-05:

- Date of service;
- Duration of the service contact;
- Unit of service convention (e.g., one hour of mental health assessment is one unit).

We found no missing documentation or instances of incomplete documentation which would result in a recoverable finding for SFY 2008 and 2009.

BUCR to AUCR Comparison Procedures

1.) We compared each cost category on the BUCR against the AUCR and determined if the same cost methodology was used (e.g., number of FTEs).

We found no differences for SFY 2008 and 2009.

On April 8, 2011, we held an exit conference with the Summit County CSN. The Summit County CSN's response is included in Appendix A and B. We did not audit the response and, accordingly, we express no opinion on it.

This report is intended solely for the use of the managements of the ODMH and the Summit County CSN and is not intended to be, and should not be used by anyone other than these specified parties.

Sincerely,

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

Appendix A
Northcoast Behavioral Healthcare Summit County Community Support Network
Adjustments for the Cost Reporting Period from 7/01/2007 to 6/30/2008

2008 Worksheet/ Schedule	Reported Amount	Correction	Corrected Amount	Auditor Explanation of Correction	CSN's Response to Correction
Summit AUCR					
Schedule A-1 Uniform Cost Report					
Column 10, Un-Allowable Costs					
Pharmacological Mgt. (Medication/Somatic)	\$0	\$43,248	\$43,248	To record unallowable costs identified during the audit.	See explanations below
Mental Health Assessment (Diag. Assess)	\$0	\$3	\$3		
Community Psychiatric Supportive Treatment (Ind.) (Ind. CSP)	\$0	\$955	\$955		
Other MH Svc, non-healthcare services (Other MH Serv) Support for Ir	\$0	\$28	\$28		
	<u>\$0</u>	<u>\$44,234</u>	<u>\$44,234</u>		
Schedule A-2 Personnel Costs,					
Administrative Support Employees Salary Totals					
Column 5, CSP Individual Service-Support Service					
d. Cost	\$0	\$969	\$969	To correct admin payroll for unallocated salaries	Payroll Variances due to formula or coding errors.
Column 5, Diagnostic Assesment-Support Service					
d. Cost	\$0	\$3	\$3		
Column 5, Medication Somatic-Support Service					
d. Cost	\$0	\$379	\$379		
Column 5, Other MH-Support for Independent Living					
d. Cost	\$0	\$22	\$22		
Total A-2 Personnel Costs	<u>\$0</u>	<u>\$1,373</u>	<u>\$1,373</u>		
Schedule A-3 Non-Personnel Costs					
Column 3-Miscellaneous Costs					
MED SOM	\$52	\$98	\$150	To reclassify miscellaneous costs.	Agreed with misclassification
CSP, Individual	\$95	-\$95	\$0		
Other MH Services-Support for Independent Living	\$3	-\$3	\$0		
Total Miscellaneous Costs	<u>\$150</u>	<u>\$0</u>	<u>\$150</u>		
Column 3-Medication Costs					
MED SOM	\$42,662	-\$42,662	\$0	To remove unallowable and unsupported pharmaceutical costs.	Could not locate supporting documentation.
Column 3-Storeroom Costs					
MED SOM	\$242	\$92	\$334	To reclassify storeroom costs.	No storeroom schedule was found to support storeroom costs reported by cost report preparer.
CSP, Individual	\$447	\$170	\$617		
Diag. Assessment	\$1	\$5	\$6		
Other MH Services-Support for Independent Living	\$13	\$1	\$14		
	<u>\$703</u>	<u>\$268</u>	<u>\$971</u>		
Schedule A-4 Administrative Overhead					
Column 4-Administration Allocation					
Totals	\$100,751	-\$1,572	\$99,179	To remove unallowable administrative overhead costs.	CSN stated some of these costs benefit the hospital only and not CSN patients.

2009 Worksheet/ Schedule	Reported Amount	Correction	Corrected Amount	Auditor Explanation of Correction	CSN's Response to Correction
Summit AUCR					
Schedule A-1 Uniform Cost Report					
Column 10, Unallowable Costs					
Pharmacological Mgt. (Medication/Somatic)	\$0	\$51,931	\$51,931	To record unallowable costs identified during the audit.	See explanations below
Mental Health Assessment (Diag. Assess)	\$0	\$6	\$6		
Community Psychiatric Supportive Treatment (Ind.) (Ind. C	\$0	\$1,893	\$1,893		
Other MH Svc, non-healthcare services (Other MH Serv) S	\$0	\$4	\$4		
	<u>\$0</u>	<u>\$53,833</u>	<u>\$53,833</u>		
Schedule A-3 Non-Personnel Costs					
Column 3-Utilities					
MED SOM	\$ 350	\$ (45)	\$ 305	To reclass telephone costs from Summit to Cuyahoga.	Agreed with misclassification
CSP, IND	\$ 733	\$ (94)	\$ 639		
Diag Assessment	\$ 2	\$ (1)	\$ 1		
Other MH Services-Support for Independent Living	\$ 2	\$ (1)	\$ 1		
Total-Utilities	<u>\$ 1,087</u>	<u>\$ (141)</u>	<u>\$ 946</u>		
Column 3-Miscellaneous					
MED SOM	\$ 530	\$ 101	\$ 631	To reclassify miscellaneous costs	Agreed with misclassification
CSP, IND	\$ 1,108	\$ (101)	\$ 1,007		
Total-Miscellaneous	<u>\$ 1,638</u>	<u>\$ -</u>	<u>\$ 1,638</u>		
Column 3-Resperdal					
MED SOM	\$ 50,879	\$ (50,879)	\$ -	To remove unallowable and unsupported pharmaceutical costs.	Could not locate supporting documentation.
Schedule A-4 Administrative Overhead					
Column 4-Administration Allocation					
Totals	\$ 76,154	\$ (2,954)	\$ 73,200	To remove unallowable admin overhead costs	CSN stated some of these costs benefit the hospital only and not CSN patients.



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NORTHCOAST BEHAVIORAL HEALTHCARE SUMMIT COUNTY COMMUNITY SUPPORT NETWORK

SUMMIT 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
MAY 24, 2011