



Dave Yost • Auditor of State



**SOUTHERN OHIO COUNCIL OF GOVERNMENT**

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# Dave Yost • Auditor of State

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Halina Schroeder, Audit Chief,  
Ohio Department of Developmental Disabilities, Office of Audits  
30 E. Broad Street, 13<sup>th</sup> Floor  
Columbus OH 43215

Dear Ms. Schroeder:

As permitted by Ohio Revised Code Section 5123.05 and as required by the *Application for a § 1915(c) HCBS Waiver*, Appendix I-2(c), the Auditor of State's Office has performed the procedures enumerated below, to which the Ohio Department of Developmental Disabilities (DODD) agreed. The purpose is to assist you in evaluating whether the Southern Ohio Council of Government (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*<sup>1</sup> for the year ended December 31, 2011 in accordance with DODD's Guide to Preparing Income and Expenditure Reports for COGs and County Boards of Developmental Disabilities (Cost Report Guides) and to assist you in evaluating whether reported receipts and disbursements complied with 2 CFR 225 (OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*), and other compliance requirements described in the procedures below. The Council of Government'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 DODD. 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 Testing

1. DODD requested us to compare the COG's receipts with those reported on *Schedule C Income Report* of the *County Summary Workbooks* and report variances exceeding two percent of total receipts on *Schedule C Income Report* or greater than \$1,000.

We compared amounts paid to the COG per the 2011 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C, Income Report* of the *County Summary Workbooks*.

We found no differences exceeding two percent or greater than \$1,000.

2. We scanned SOCOG's trial balance and general ledger reports to see if any transfers were recorded on SOCOG's *Income and Expenditure Report* of the *County Summary Workbooks*.

We found no transfers recorded on the SOCOG Income and Expenditure Report of the County Summary Workbooks.

<sup>1</sup> Southern Ohio COG (SOCOG) recorded receipts and disbursements on behalf of the county developmental disabilities (County Boards). Southern Ohio COG prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following County Boards: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton.

2. We selected a haphazard sample of five employees and compared the COG's [organizational chart/staffing/payroll journal] [and job descriptions if needed] to the worksheet on the COG's cost report or the *County Summary Workbooks* in which each employee's salary and benefit costs were allocated to ensure the allocation is consistent with the Cost Report Guides. DODD asked us to report differences greater than two percent of the total wage and benefit of any worksheet affected.

We found differences as reported in Appendix A.

3. We scanned the COG's payroll journal for 2011 and compared classification of employees to entries on the COG cost report and *County Summary Workbooks* to determine if salary and benefit costs were reported in accordance with the Cost Report Guides.

We found differences as reported in Appendix A.

### **Payroll Testing**

1. DODD asked us to determine if employee salaries on the COG's payroll register and trial balance were within two percent of payroll costs reported on the COG cost report and the *County Summary Workbooks*.

We compared the total payroll costs per the COG's payroll register and trial balance with payroll costs reported on the COG cost report and the *County Summary Workbooks*.

We found no differences exceeding two percent.

3. We selected a haphazard sample of two percent of total employees and determined whether they had their salary properly allocated to the appropriate cost categories cost category on the COG cost report or the *County Summary Workbooks*.

Differences identified as a result of applying these procedures are listed in Appendix A.

### **Trial Balance Analysis and Non-Payroll Expenditures Testing**

1. We compared the COG's total assets to total liabilities plus equity on the Southern Ohio Council trial balance as December 2011.

We found no differences or computational errors.

2. DODD asked us to determine whether the COG's disbursements on the general ledger reports were properly classified within two percent of total service contracts, other expenses and COG expenses for Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks* and if these Worksheets included disbursements over \$100 which are non-federal reimbursable under 2 CFR Appendix B.

We scanned the COG's general ledger report for service contracts, other expenses and COG expense rows on Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks* and reviewed documentation to identify disbursements not classified according to the Cost Report Guides or costs which are non-federal reimbursable under 2 CFR 225 Appendix B.

We found differences as reported in Appendix A for misclassified costs and non-federal reimbursable costs. These adjustments were identified in our non-payroll sample and adjustment were proposed as part of that procedure.

3. We haphazardly selected a sample of 60 non-payroll disbursements from the general ledger report that were classified as total service contracts, other expenses or COG expenses on Worksheets 2 through 5 of the COG cost report and Schedule A and Worksheets 2 through 10 of the *County Summary Workbooks*.

We determined if supporting documentation was maintained as required by 2 CFR 225 (OMB Circular A-87, Appendix A, (C)(1)(j)) and the disbursement was properly classified according to the Cost Report Guides.

We found differences as reported in Appendix A for misclassified and non-federal reimbursable costs.

5. We scanned the COG's general ledger report for items purchased during 2011 that met the COG's capitalization criteria and traced them to inclusion on the COG's fixed asset listing.

We found no unrecorded purchases meeting the capitalization criteria.

2. DODD asked us to compare the COG's depreciation schedule to *Worksheet 1, Capital Costs* of the COG cost report and report any variances exceeding \$100.

We compared all depreciation entries on *Worksheet 1, Capital Costs* of the COG Cost Report to the COG's Depreciation Schedule.

We found no differences exceeding \$100.

3. We scanned the COG's Depreciation Schedule for 2011 for depreciation taken on the same asset more than once, assets that have been fully depreciated, or depreciation taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides.

We found no differences.

4. We compared the COG's final 2010 Depreciation Schedule to the COG's 2011 Depreciation Schedules for changes in the depreciation amounts for assets purchased prior to the period under review which were not in compliance with the Cost Report Guides.

We found no differences.

5. We haphazardly selected two of the COG's fixed assets or five percent of items which meet the COG's capitalization policy and are being depreciated in their first year in 2011 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. We also recomputed the first year's depreciation for these assets, based on their cost, acquisition date and useful life to determine compliance with the Cost Report Guides.

We found no differences.

6. DODD asked us to haphazardly select the lesser of five percent or five disposed assets in 2011 from the COG's list of disposed assets and determined if the asset was removed from the COG's fixed asset ledger. DODD also asked us to recalculate depreciation and any gain or loss applicable to 2011 for the disposed items based on its undepreciated basis and any proceeds received from the disposal

or sale of the asset to determine compliance with the Cost Report Guide and CMS Publication 15-1, Chapter 1.

We did not perform this procedure because the County Board stated that no capital assets were disposed of in 2011.

2. We compared the MAC Random Moment Time Summary (RMTS) reports to Lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming* of the COG cost report.

We found no differences.

### **Medicaid Administrative Claiming Testing**

1. DODD asked us to contact its Office of Audits to report differences between the MAC salary and benefits versus the County Board's payroll records exceeding one percent.

We compared salaries and benefits entered on the Individual MAC Costs by Code and MAC Random Moment Time Summary (RMTS) reports to the COG's payroll records.

We found no differences exceeding one percent.

3. We compared Ancillary Costs on the Roll up Report for Ohio Department of Job and Family Services to Lines 6-10 of the *MAC Reconciliation Worksheet*.

We found no differences.

4. We selected 13 RMTS observed moments completed by employees of the COG from the DODD RMTS Participant Moments Question and Answer report for the third quarter of 2011 in which they documented their time spent on administering Medicaid-funded programs. We determined if supporting documentation of the COG employees' activity for each observed moment was maintained and the observed moment was properly classified in accordance with DODD's Guide to Medicaid Administrative Claiming (MAC) using the Random Moment Time Studies (RMTS) Methodology for 2010.

We found no differences.

We did not receive a response from officials to the exceptions noted above.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the COG's Cost Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



This report is intended solely for the use of the managements of the COG, DODD, the Ohio Department of Job and Family Services, the Centers for Medicare and Medicaid Services 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

March 22, 2013

cc: Amy Cartwright, Executive Director, Southern Ohio Council of Government  
Lori Yoakum, Business Manager, Southern Ohio Council of Government  
Kyle Lewis, Board President, Southern Ohio Council of Government  
Superintendents of all Member County Boards of Developmental Disabilities  
Business Managers of all Member County Boards of Developmental Disabilities

Appendix A  
Southern Ohio Council of Government  
2011 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Southern Ohio Council of Government Income and Expenditure Report</b>				
<b>Worksheet 2</b>				
1. Salaries (A) Cost	\$ 102,723	\$ (74,574)	\$ 28,149	To reclassify Behavioral Support Specialist salary.
4. Other Expenses (A) Cost	\$ 98,677	\$ (1,860)	\$ 96,817	To correct Cash Fee Account
<b>Adams County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 342	\$ 342	To reclassify MUI Salary
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 692	\$ 250	\$ 942	To reclassify SSA & QA RN Salary
<b>Athens County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 6,682	\$ 6,682	To reclassify MUI Salary
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 692	\$ 1,454	\$ 2,146	To reclassify SSA & QA RN Salary
<b>Brown County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 4,892	\$ 4,892	To reclassify MUI Salary
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 5,885	\$ 7,842	\$ 13,727	To reclassify SSA & QA RN Salary
<b>Clinton County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 1,596	\$ 1,596	To reclassify MUI Salary
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 5,366	\$ 4,644	\$ 10,010	To reclassify SSA & QA RN Salary
<b>Fayette County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ 20,772	\$ 4,642	\$ 25,414	To reclassify MUI Salary
<b>Worksheet 6 (MAC)</b>				
16. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 3,175	\$ 3,175	To record Fayette MAC Fees
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 238	\$ 86	\$ 324	To reclassify SSA & QA RN Salary
<b>Gallia County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 2,970	\$ 2,970	To reclassify MUI Salary
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 3,581	\$ 1,592	\$ 5,173	To reclassify SSA & QA RN Salary
<b>Highland County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 2,847	\$ 2,847	To reclassify MUI Salary
<b>Jackson County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 1,518	\$ 1,518	To reclassify MUI Salary
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 1,385	\$ 499	\$ 1,884	To reclassify SSA & QA RN Salary
<b>Lawrence County Summary Workbook</b>				
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 2,684	\$ 1,570	\$ 4,254	To reclassify SSA & QA RN Salary
<b>Meigs County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 950	\$ 950	To reclassify MUI Salary
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 2,077	\$ 2,254	\$ 4,331	To reclassify SSA & QA RN Salary
<b>Pike County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 6,895	\$ 6,895	To reclassify MUI Salary
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 5,019	\$ 1,810	\$ 6,829	To reclassify SSA & QA RN Salary
<b>Ross County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 8,661	\$ 8,661	To reclassify MUI Salary
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 7,962	\$ 7,988	\$ 15,950	To reclassify SSA & QA RN Salary
<b>Scioto County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 4,249	\$ 4,249	To reclassify MUI Salary
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 9,000	\$ 4,713	\$ 13,713	To reclassify SSA & QA RN Salary
<b>Vinton County Summary Workbook</b>				
<b>Worksheet 5 (Direct Services)</b>				
15. COG Expense (Line 5), (O) Non Federal Reimbursable	\$ -	\$ 2,390	\$ 2,390	To reclassify MUI Salary
<b>Worksheet 9 (Service &amp; Support Adm.)</b>				
26. COG Expense (Line 5), (N) Service & Support ADMIN	\$ 2,423	\$ 2,040	\$ 4,463	To reclassify SSA & QA RN Salary



# Dave Yost • Auditor of State

**SOUTHERN OHIO COUNCIL OF GOVERNMENT**

**ROSS 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  
APRIL 23, 2013**