



Dave Yost • Auditor of State

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

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Independent Auditor's Report on Applying Agreed-Upon Procedures

Halina Schroeder, Audit Chief
Division of Fiscal Administration, Audit Office
Ohio Department of Developmental Disabilities
30 E. Broad Street, 13th Floor
Columbus, Ohio 43215

Dear Ms. Schroeder:

As permitted by Ohio Revised Code Section 5123.05 and as required by the *Application for a §1915(c) Home and Community Based Services 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 Northwest Ohio Waiver Administration Council (the COG or NOWAC) prepared its *Income and Expenditure Report and County Summary Workbooks*¹ for the year ended December 31, 2012 in accordance with DODD's Guide to Preparing Income and Expenditure Reports for COGs and County Boards of Developmental Disabilities (Cost Report Guide) 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 Governments' management is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. 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 2012 Annual Subsidy Amount (DODD confirmations) to *Schedule C, Income Report of the County Summary Workbooks*.

We found differences as reported 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 Trial Balance Report.

We found no differences or computational errors.

¹ NOWAC recorded receipts and disbursements on behalf of the county boards of developmental disabilities (County Boards). NOWAC prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following County Boards: Defiance, Fulton, Paulding, Van Wert, and Williams.

2. DODD asked us to compare the COG's disbursements on the Trial Balance and General Ledger reports to *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the COG Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*, and report variances exceeding \$100 for total service contracts, other expenses and COG expenses on any worksheet.

We compared all service contracts, other expenses and COG expenses on *Schedule A* and worksheets 2 through 5 of the COG Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* to disbursements on the COG's Trial Balance and General Ledger reports.

We found no differences exceeding \$100 on any worksheet.

3. DODD asked us to determine whether the COG's disbursements on the General Ledger report was 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 225 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 Guide or costs which are non-federal reimbursable under 2 CFR 225 Appendix B.

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

4. We haphazardly selected a sample of 45 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 Guide.

We found differences as reported in Appendix A for misclassified costs.

5. We scanned the COG's General Ledger report for items purchased during 2012 that met the COG's capitalization criteria.

We found no unrecorded purchases meeting the capitalization criteria.

Payroll Testing

1. DODD asked us to determine if employee salaries on the COG's payroll register and Trial Balance reports 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 2012 Payroll and Trial Balance reports with the payroll costs reported on the COG Cost Report and the *County Summary Workbooks*.

Total payroll costs on the COG Cost Report and *County Summary Workbooks* was not within two percent of the COG's payroll reports. Payroll costs on the COG's Payroll report and Trial Balance report exceeded payroll costs on the COG Cost Report and *County Summary Workbooks* by \$47,278 and \$57,893, respectively. We noted, after making adjustments under procedure 3 below, total payroll costs on the COG Cost Report and *County Summary Workbooks* were within two percent of the COG's payroll reports.

2. We selected a haphazard sample of five employees and compared the COG's Payroll report and table of organizational 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 Guide. 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 2012 Payroll report and table of organization 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 Guide.

We found differences as reported in Appendix A.

Property, Depreciation, and Asset Verification Testing

1. DODD asked us to compare the COG's procedures regarding capitalization of fixed assets with the Cost Report Guide for preparing *Worksheet 1, Capital Costs* and 2 CFR 225 (OMB Circular A-87, Appendix B, 15(a)(2).

We did not perform this procedure as the COG has no capitalization policy.

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 did not perform this procedure as the COG had no depreciation schedule and stated it had no fixed assets.

3. DODD asked us to scan the COG's depreciation schedule for 2012 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 Guide.

We did not perform this procedure as the COG had no depreciation schedule and stated it had no fixed assets.

4. DODD asked us to compare the COG's final 2011 depreciation schedule to the COG's 2012 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 Guide.

We did not perform this procedure as the COG had no depreciation schedule for 2011 or 2012 and stated it had no fixed assets.

5. DODD asked us to haphazardly select the lesser of five 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 2012 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. DODD also asked us to recompute the first year's depreciation for these assets, based on their cost, acquisition date and useful life to determine compliance with the Cost Report Guide.

We did not perform this procedure as the COG had no depreciation schedule and stated it had no fixed assets.

6. DODD asked us to haphazardly select the lesser of five percent or five disposed assets in 2012 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 2012 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 COG did not have a disposed asset list. We also scanned the COG's General Ledger report and did not identify any proceeds from the sale or exchange of fixed assets.

Medicaid Administrative Claiming Testing

1. DODD asked us to contact its Random Moment Time Study (RMTS) Coordinator to report differences between the MAC salary and benefits versus the COG's payroll records exceeding one percent.

We compared salaries and benefits entered on the MAC RMTS reports to the COG's Payroll report.

We found no differences exceeding one percent.

2. We compared the MAC RMTS reports to Lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming*.

We found no differences.

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

We found differences as reported in Appendix A.

4. We selected 12 RMTS observed moments completed by employees of the COG from the DODD RMTS Participant Moments Question and Answer report for the second quarter of 2012 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 2012.

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 Medicaid, 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

May 30, 2014

cc: Doreen Mohr, Executive Director, Northwest Ohio Waiver Administration Council
Michele Vogelsong, Business Manager, Northwest Ohio Waiver Administration Council
Beth Friess, Board President, Northwest Ohio Waiver Administration Council
Superintendents of all Member County Boards of Developmental Disabilities
Business Managers of all Member County Boards of Developmental Disabilities

Appendix A
Northwest Ohio Waiver Administration Council
2012 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Comments
Northwest Ohio Waiver Administration Council Income and Expenditure Report				
Schedule A				
16. Match Paid to DODD on Behalf of All County Boards	\$ 1,007,001	\$ (46,407)	\$ 960,594	To reclassify 2007 settlement payment
Worksheet 2				
1. Salaries	\$ 63,831	\$ 3,174	\$ 67,005	To agree to compiled report
4. Other Expenses	\$ 171,374	\$ (1,003)		To reclassify non-federal reimbursable costs
		\$ (130)		To reclassify non-federal reimbursable costs
		\$ (3,250)	\$ 166,991	To reclassify nursing costs and non county board costs
Worksheet 4				
4. Other Expenses (B) Non-Federal Reimbursable	\$ 22,981	\$ 1,003	\$ 23,984	To reclassify non-federal reimbursable costs
Worksheet 5				
1. Salaries	\$ -	\$ 497		To record non-member board costs for Hancock MUI
		\$ 7,752		To record non-member board costs for Henry MUI
		\$ 4,169		To record non-member board costs for Allen QA
		\$ 2,569		To record non-member board costs for Hancock QA
		\$ 1,505	\$ 16,492	To record non-member board costs for Hancock QA
4. Other Expenses	\$ -	\$ 46,407		To reclassify 2007 settlement payment
		\$ 2,157	\$ 48,564	To reclassify non county board costs
MAC Reconciliation Worksheet				
Lines (6-10) Other Cost				
Column A-Reimbursement Requested Through Calendar Year	\$ 6,744	\$ 10,072	\$ 16,816	To agree to confirmation
Defiance County				
Schedule A				
Room and Board/Cost to Live (L) Community Residential	\$ 62,130	\$ (2,686)	\$ 59,444	To reclassify SSA costs
Schedule C				
II. Department of DD				
A. Family Support Services	\$ 170,975	\$ (90,000)	\$ 80,975	To agree to DODD confirmation
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 40,326	\$ (2,640)	\$ 37,686	To reclassify reviewer/waiver salaries
15. Direct Services (O) Non-federal reimbursable	\$ 3,889	\$ (1,715)		To properly allocate MUI salaries
		\$ 26	\$ 2,200	To reclassify non-federal reimbursable costs

Appendix A
Northwest Ohio Waiver Administration Council
2012 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Comments
Worksheet 7-B				
18. Direct Services (L) Community Residential	\$ -	\$ 2,686		To reclassify SSA costs
		\$ 1,092	\$ 3,778	To reclassify nursing costs
Worksheet 9				
26. Service & Support Adm (N) Service & Support Adm	\$ 2,752	\$ 8,379	\$ 11,131	To properly allocate SSA salaries
Fulton County				
Worksheet 5				
15. Direct Services (O) Non-federal reimbursable	\$ 5,379	\$ (1,524)		To properly allocate MUI salaries
		\$ 26	\$ 3,881	To reclassify non-federal reimbursable costs
Paulding County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 3,710	\$ 176	\$ 3,886	To reclassify reviewer/waiver salaries
15. Direct Services (O) Non-federal reimbursable	\$ 3,889	\$ (1,616)		To properly allocate MUI salaries
		\$ 26	\$ 2,299	To reclassify non-federal reimbursable costs
Worksheet 9				
26. Service & Support Adm (N) Service & Support Adm	\$ 786	\$ 2,394	\$ 3,180	To properly allocate SSA salaries
Van Wert County				
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 7,673	\$ (2,901)	\$ 4,772	To reclassify reviewer/waiver salaries
15. Direct Services (N) Service & Support Adm	\$ 32,271	\$ (32,271)	\$ -	To remove salaries from direct services; included in 45,528
15. Direct Services (O) Non-federal reimbursable	\$ 3,889	\$ (627)		To properly allocate MUI salaries
		\$ 26	\$ 3,288	To reclassify non-federal reimbursable costs
Worksheet 9				
26. Service & Support Adm (N) Service & Support Adm	\$ 3,932	\$ 45,528	\$ 49,460	To properly allocate SSA salaries

Appendix A
Northwest Ohio Waiver Administration Council
2012 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Comments
Williams County				
Schedule C				
II. Department of DD				
A. Family Support Services	\$ 273,880	\$ (215,040)	\$ 58,840	To agree to DODD confirmation
Worksheet 5				
15. Direct Services (L) Community Residential	\$ 15,620	\$ (6,218)	\$ 9,402	To reclassify reviewer/waiver salaries
15. Direct Services (O) Non-federal reimbursable	\$ 3,889	\$ 756		To properly allocate MUI salaries
		\$ 26	\$ 4,671	To reclassify non-federal reimbursable costs
Worksheet 9				
26. Service & Support Adm (N) Service & Support Adm	\$ 3,145	\$ 17,065	\$ 20,210	To properly allocate SSA salaries

* Original Cost Report balances have been adjusted to reflect allocations as a result of the above adjustments to Worksheet 1, Worksheet 2 of the COG Cost Report. Other county summary workbooks have been affected by this same allocation; however, those adjustments are not shown here due to this being a function of how costs flow down from Schedule B of the COG Cost Report.



Dave Yost • Auditor of State

NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL

DEFIANCE 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
JUNE 24, 2014**