



Dave Yost • Auditor of State

SOUTHERN OHIO COUNCIL OF GOVERNMENT

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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 Southern Ohio Council of Government (COG) prepared its *Income and Expenditure Report* (Cost 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 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 COG'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 2012 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C, Income Report* of the *County Summary Workbooks*.

We found differences exceeding two percent and \$1,000 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.

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

The Southern Ohio COG does not operate on the accrual basis of accounting, but uses the cash receipts and disbursements basis of accounting. Therefore, we were unable to compare assets to liabilities plus equity. However, we did determine total assets plus total expenses equaled total revenue.

2. DODD asked us to compare the COG's disbursements on the trial balance report 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, 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* to disbursements on the COG's trial balance report and general ledger reports.

We found differences as reported in Appendix A.

3. 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 expenses 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.

4. 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 detailed general ledger report for items purchased during 2012 that met the COG's capitalization criteria and traced them to inclusion on the COG's 2012 Depreciation Schedule.

We found no unrecorded purchases meeting the capitalization criteria.

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 Guides for preparing *Worksheet 1, Capital Costs* and 2 CFR 225 (OMB Circular A-87, Appendix B, 15(a)(2)).

We found no inconsistencies between the COG's capitalization procedures and the guidelines listed above.

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 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 Guides.

We found no differences.

4. We compared the COG's final 2011 Depreciation Schedule to the COG's 2012 Depreciation Schedule 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 one of the COG's fixed assets which met the COG's capitalization policy and was being depreciated in its first year in 2012 to determine if its useful life 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 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 un-depreciated 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 stated that no capital assets were disposed of in 2012. We also scanned the General Ledger reports and did not find any proceeds from the sale or exchange of fixed assets.

Payroll Testing

1. DODD asked us to determine if employee salaries on the COG's annual payroll report 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 annual payroll report and trial balance with payroll costs reported on the COG Cost Report and the *County Summary Workbooks*.

We found no differences exceeding two percent.

2. We selected a haphazard sample of five employees and compared the COG's organizational chart 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 no differences exceeding two percent.

3. We scanned the COG's annual detailed payroll spreadsheet for 2012 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 report in Appendix A.

Medicaid Administrative Claiming (MAC) Testing

1. DODD asked us to contact its Office of Audits 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 Individual MAC Costs by Code and MAC Random Moment Time Summary (RMTS) reports to the COG's Payroll Detail records.

We found no differences exceeding one percent.

2. We compared the original Individual MAC Costs by Code and 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.

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 differences as reported in Appendix A.

4. We selected 14 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 using the 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, and 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

January 13, 2014

cc: Amy Cartwright, Executive Director, Southern Ohio Council of Government
Lori Yoakem, Business Manager, Southern Ohio Council of Government
Scott Amen, 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
2012 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation
Southern Ohio Council of Government Income and Expenditure Report				
Schedule A				
Line 4. Summary Sheets Lines 1-8	\$ -	\$ 11,704	\$ 11,704	To agree to county board workbook summary
Schedule C				
II. Federal Programs				
A. Medicaid Administration Claiming				
	\$ 161,351	\$ 8,806	\$ 170,157	To gross up revenue to record MAC fees
Worksheet 2				
4. Other Expenses	\$ 73,822	\$ 9,124		To remove unsupported program supervision costs
		\$ (37)		To reclassify non-federal reimbursable expenses
		\$ (29)		To reclassify non-federal reimbursable expenses
		\$ (889)	\$ 81,991	To reclassify non-federal reimbursable expenses
Worksheet 2A				
4. Other Expenses	\$ 9,124	\$ (9,124)	\$ -	To remove unsupported program supervision costs
Worksheet 4				
4. Other Expenses (B) Non-Federal Reimbursable	\$ 5,472	\$ 8,806		To report MAC fees
		\$ 37		To reclassify non-federal reimbursable expenses
		\$ 29		To reclassify non-federal reimbursable expenses
		\$ 889	\$ 15,233	To reclassify non-federal reimbursable expenses
MAC Reconciliation Worksheet				
Lines (6-10) Other Cost				
Column A-Reimbursement Requested Through Calendar Year	\$ 21,178	\$ (1,210)	\$ 19,968	To agree to compiled reports
Adams County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 140	\$ 140	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ -	\$ 4,831	\$ 4,831	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expense (O) Non-Federal Reimbursable	\$ 819	\$ (108)	\$ 711	To reclassify MUI salaries
Athens County				
Schedule A				
1. Room and Board/Cost to Live (L) Community Residential	\$ -	\$ 1,053		To reclassify room and board expenses
		\$ 5,062	\$ 6,115	To reclassify room and board expenses
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 968	\$ 968	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ -	\$ 33,476	\$ 33,476	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expense (L) Community Residential	\$ 377,211	\$ (1,053)		To reclassify room and board expenses
		\$ (5,062)	\$ 371,096	To reclassify room and board expenses
15. COG Expense (O) Non-Federal Reimbursable	\$ 14,409	\$ (1,681)	\$ 12,728	To reclassify MUI salaries
Schedule C				
II. Department of DD				
E. Waiver Administration				
	\$ -	\$ 6,486	\$ 6,486	To agree to compiled report
Brown County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 69	\$ 69	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ -	\$ 2,385	\$ 2,385	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expense (O) Non-Federal Reimbursable	\$ 9,380	\$ (1,239)	\$ 8,141	To reclassify MUI salaries
Clinton County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 227	\$ 227	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ 38,090	\$ 7,853	\$ 45,943	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expense (O) Non-Federal Reimbursable	\$ 1,124	\$ 1,174	\$ 2,298	To reclassify MUI salaries
Fayette County				
Schedule A				
1. Room and Board/Cost to Live	\$ -	\$ 390		To reclassify room and board expense
		\$ 280		To reclassify room and board expense
		\$ 521	\$ 1,191	To reclassify room and board expense
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 28	\$ 28	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (O) Non-Federal Reimbursable	\$ 190	\$ 11,588	\$ 11,778	To reclassify indirect costs
10. COG Expenses (Z) Total	\$ -	\$ 975	\$ 12,563	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expenses (L) Community Residential	\$ 7,718	\$ (390)		To reclassify room and board expense
		\$ (280)		To reclassify room and board expense

Appendix A
Southern Ohio Council of Government
2012 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation
15. COG Expenses (O) Non-Federal Reimbursable	\$ 11,131	\$ (521) \$ (11,588)	\$ 6,527 \$ 2,299	To reclassify room and board expense To reclassify indirect costs To reclassify MUI salaries
Schedule C				
II. Department of DD				
E. Waiver Administration	\$ -	\$ 2,402	\$ 2,402	To agree to compiled report
Gallia County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 21	\$ 21	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ -	\$ 719	\$ 719	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expense (O) Non-Federal Reimbursable	\$ 3,939	\$ (365)	\$ 3,574	To reclassify MUI salaries
Schedule C				
II. Department of DD				
E. Waiver Administration	\$ -	\$ 240	\$ 240	To agree to compiled report
Highland County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 21	\$ 21	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ 12,646	\$ 709	\$ 13,355	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expense (O) Non-Federal Reimbursable	\$ 1,737	\$ 561	\$ 2,298	To reclassify MUI salaries
Jackson County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 47	\$ 47	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ -	\$ 1,641	\$ 1,641	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expense (O) Non-Federal Reimbursable	\$ 5,441	\$ 610	\$ 6,051	To reclassify MUI salaries
Lawrence County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 10	\$ 10	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ -	\$ 349	\$ 349	To record COG indirect costs from Schedule B of COG cost report
Meigs County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 32	\$ 32	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ -	\$ 1,096	\$ 1,096	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expense (O) Non-Federal Reimbursable	\$ 443	\$ (59)	\$ 384	To reclassify MUI salaries
Pickaway County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 7	\$ 7	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ -	\$ 258	\$ 258	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expense (O) Non-Federal Reimbursable	\$ 3,591	\$ (474)	\$ 3,117	To reclassify MUI salaries
Pike County				
Schedule A				
1. Room and Board/Cost to Live	\$ -	\$ 375	\$ 375	To reclassify room and board expenses
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 287	\$ 287	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ 86,431	\$ 9,917 \$ (76,584)	\$ 19,764	To record COG indirect costs from Schedule B of COG cost report To reclassify building services expenses
Worksheet 3				
11. COG Expenses (Z) Total	\$ -	\$ 76,584	\$ 76,584	To reclassify building services expenses
Worksheet 5				
15. COG Expense (L) Community Residential	\$ 93,216	\$ (375)	\$ 92,841	To reclassify room and board expenses
15. COG Expense (O) Non-Federal Reimbursable	\$ 10,239	\$ (1,352)	\$ 8,887	To reclassify MUI salaries
Ross County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 86	\$ 86	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ -	\$ 2,987	\$ 2,987	To record COG indirect costs from Schedule B of COG cost report

Appendix A
Southern Ohio Council of Government
2012 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation
Worksheet 5				
15. COG Expense (O) Non-Federal Reimbursable	\$ 8,116	\$ 1,674	\$ 9,790	To reclassify MUI salaries
Scioto County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 52	\$ 52	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ -	\$ 1,796	\$ 1,796	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expense (O) Non-Federal Reimbursable	\$ 12,736	\$ (1,682)	\$ 11,054	To reclassify MUI salaries
Vinton County				
Worksheet 1				
9. COG Expenses (Z) Total	\$ -	\$ 254	\$ 254	To record COG capital costs from Schedule B of COG cost report
Worksheet 2				
10. COG Expenses (Z) Total	\$ -	\$ 8,798	\$ 8,798	To record COG indirect costs from Schedule B of COG cost report
Worksheet 5				
15. COG Expense (O) Non-Federal Reimbursable	\$ 1,284	\$ 185	\$ 1,469	To reclassify MUI 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

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
FEBRUARY 18, 2014**