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Independent Accountants' Report on Applying Agreed-Upon Procedures

Ohio Department of Developmental Disabilities
30 East Broad Street
Columbus, Ohio 43215

We have performed the procedures enumerated below, with which the Ohio Department of Developmental Disabilities (DODD) agreed, solely to assist DODD in evaluating whether the Quadco Rehabilitation Center Administrative Board and Non-Profit Operation (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*¹ for the year ended December 31, 2014 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 DODD 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 below. The COG's 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.

Trial Balance and Non-Payroll Expenditures

1. We compared the COG's disbursements on the General Ledger report and Cost Allocation worksheet to *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* to identify variances greater than \$250 for total service contracts, other expenses and COG expenses on any worksheet.

We found no variances exceeding \$250.

2. We compared total COG non-payroll disbursements on the General Ledger report to total service contracts, other expenses and COG expenses for worksheets 2 through 5 of the Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* to determine if non-payroll costs were reported within two percent.

We found no differences exceeding two percent.

3. We scanned the COG's General Ledger report and judgmentally selected 20 non-payroll disbursements from the service contracts, other expenses and COG expense on worksheets 2 through 5 of the Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*. We determined if supporting documentation was maintained, the costs were allowable and properly classified according to the Cost Report Guides and 2 CFR 225 and identified any variances not classified as prescribed by the Cost Report Guide or costs which are non-federal reimbursable under 2 CFR 225 Appendix B and over \$250.

¹ The COG recorded receipts and disbursements and prepared *County Summary Workbooks* to distribute these receipts and disbursements to the Defiance and Williams County Boards of Developmental Disabilities.

Trial Balance and Non-Payroll Expenditures (Continued)

We also scanned for any program costs without corresponding statistics that are non-federal reimbursable because they do not demonstrate that the COG or one of the member County Board's programs received a measurable benefit as required under Appendix A, section (C)(3)(a) and the Cost Report Guides.

We reported misclassified and non-federal reimbursable costs in Appendix A. We found no program costs that lacked corresponding statistics.

4. We scanned the COG's General Ledger report for items purchased during 2014 that met the COG's capitalization criteria and traced them to inclusion on the COG's depreciation schedule.

We found no unrecorded capital purchases.

Payroll Testing

1. We compared the COG's payroll disbursements on the General Ledger report to salaries and benefits reported on the Cost Report and the *County Summary Workbooks* to determine if payroll costs were reported within two percent.

We found no differences exceeding two percent.

2. We scanned the COG's General Ledger report and compared classification of employees to entries on the Cost Report and *County Summary Workbooks* to determine if salary and benefit costs were reported in accordance with the Cost Report Guides.

We reported differences in Appendix A.

Property, Depreciation and Asset Verification Testing

1. DODD asked that we compare all depreciation entries on *Worksheet 1, Capital Costs* to the COG's depreciation schedule to report any variances exceeding \$250.

The COG did not have a comprehensive 2014 depreciation schedule; therefore, we combined the COG's Multi-Sort Depreciation Report for the periods ending September 30, 2014 and September 30, 2015 and prepared a 2014 depreciation schedule. We then compared all depreciation entries on *Worksheet 1, Capital Costs* of the Cost Report to this 2014 depreciation schedule.

We reported variances in Appendix A.

2. We compared the final 2013 depreciation schedule and prior year depreciation adjustments to the 2014 depreciation schedule for changes in the depreciation amounts for assets purchased prior to the periods under review, depreciation taken on the same asset more than once, assets that have been fully depreciated in prior years, or depreciation taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides to identify any cell variances greater than \$250.

We reported variances in Appendix A.

3. We haphazardly selected the lesser of 10 of the COG's fixed assets or 10 percent of items which met the COG's capitalization policy and were being depreciated in their first year in 2014 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2013 AHA Asset Guides.

Property, Depreciation and Asset Verification Testing (Continued)

We also recomputed the first year's depreciation for the one asset tested, based on its cost, acquisition date and useful life to determine compliance with the Cost Report Guides and AHA Asset Guide to identify any variances.

We reported difference in Appendix A.

4. DODD asked that we haphazardly select the lesser of 10 percent or 10 disposed assets in 2014 from the COG's list of disposed assets and determine if the asset was removed from the COG's fixed asset ledger. DODD asked that we also recalculate depreciation and any gain or loss applicable to 2014 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 and identify any variances.

We did not perform this procedure as the COG stated that no fixed assets were disposed in 2014.

Medicaid Administrative Claiming (MAC)

1. DODD asked that we compare the MAC salary and benefits versus the COG's payroll report and determine if MAC salary and benefits were greater by more the one percent.

We did not perform this procedure as the COG did not participate in MAC.

2. DODD asked that we compare the MAC RMTS report to lines 1 and 2 of *Worksheet 4, Medicaid Administrative Claiming*.

We did not perform this procedure (see procedure 1 above)..

3. DODD asked that we select 10 RMTS observed moments and 10 percent of any RMTS moments above that amount that were completed by COG employees from the DODD RMTS Participant Moments Question and Answer report for the 3rd quarter of 2015. DODD asked us to determine if supporting documentation was maintained and properly classified in accordance with DODD's Guide to Medicaid Administrative Claiming (MAC) using the Random Moment Time Studies (RMTS) Methodology for 2012.

We did not perform this procedure (see procedure 1 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 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 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.



Dave Yost
Auditor of State

November 16, 2016

Appendix A
Quadco Rehabilitation Center Administrative Board and Non-Profit Operation
2014 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Quadco Rehabilitation Center				
Schedule A				
1. Defiance County, Summary Sheet	\$ 481,566	\$ (7,502)	\$ 474,064	See * footnote below
4. Williams County, Summary Sheet	\$ 793,373	\$ (13,375)	\$ 779,998	See * footnote below
Worksheet 1				
3. Buildings/Improve (A) Costs	\$ 46,948	\$ (4,632)	\$ 42,316	To match depreciation schedule
5. Moveable Equipment (A) Costs	\$ 105,106	\$ (2,769)		To match depreciation schedule
		\$ 1,142		To correct depreciation on Ford Van
		\$ 1,313	\$ 104,792	To match 2013 depreciation schedule
Worksheet 2				
1. Salaries (A) Cost	\$ 436,364	\$ 11,537		To reclassify Sales Representative salary
		\$ (64,652)		To reclassify Director of Marketing salary
		\$ 32,326	\$ 415,575	To reclassify Director of Marketing salary
2. Employee Benefits (A) Cost	\$ 174,136	\$ 1,714		To reclassify Sales Representative benefits
		\$ (24,009)		To reclassify Director of Marketing benefits
		\$ 12,005	\$ 163,846	To reclassify Director of Marketing benefits
4. Other Expenses (A) Cost	\$ 76,780	\$ (458)		To reclassify building service expenses
		\$ (152)		To reclassify Defiance community residential expense
		\$ (94)		To reclassify Williams community residential expense
		\$ (179)		To reclassify Defiance transportation expense
		\$ (854)		To remove transfer of funds
		\$ (472)		To reclassify Defiance transportation expenses
		\$ (121)		To reclassify non-profit transportation expenses
		\$ (95)		To reclassify non-profit transportation expenses
		\$ (733)	\$ 73,622	To reclassify Williams transportation expenses
Worksheet 3				
1. Salaries (A) Cost	\$ 49,857	\$ 12,304		To reclassify Maintenance salary
		\$ (2,830)		To reclassify facility based Specialist salary
		\$ (4,856)		To reclassify facility based Specialist salary
		\$ (1,466)		To reclassify facility based Specialist salary
		\$ (943)	\$ 52,066	To reclassify facility based Specialist salary
2. Employee Benefits (A) Cost	\$ 12,238	\$ 1,899		To reclassify Maintenance benefits
		\$ (626)		To reclassify facility based Specialist benefits
		\$ (1,074)		To reclassify facility based Specialist benefits
		\$ (324)		To reclassify facility based Specialist benefits
		\$ (208)	\$ 11,905	To reclassify facility based Specialist benefits
3. Service Contracts (A) Cost	\$ 166,893	\$ (1,045)	\$ 165,848	To reclassify due to lack of documentation
4. Other Expenses (A) Cost	\$ -	\$ 458	\$ 458	To reclassify building service expenses
Worksheet 4				
1. Salaries (B) Non-Federal Reimbursable	\$ -	\$ 12,922		To reclassify Sales Representative salary
		\$ 36,208	\$ 49,130	To reclassify Director of Marketing salary
2. Employee Benefits (B) Non-Federal	\$ -	\$ 1,920		To reclassify Sales Representative benefits
		\$ 13,446	\$ 15,366	To reclassify Director of Marketing benefits
4. Other Expenses (B) Non-Federal	\$ -	\$ 1,045		To reclassify due to lack of documentation
		\$ 319		To reclassify due to lack of documentation
		\$ 82		To reclassify due to lack of documentation
		\$ 64		To reclassify due to lack of documentation
		\$ 495		To reclassify due to lack of documentation
		\$ 115		To reclassify due to lack of documentation
		\$ 1,248		To reclassify due to lack of documentation
		\$ 125	\$ 3,493	To reclassify due to lack of documentation

Appendix A (Page 2)
Quadco Rehabilitation Center Administrative Board and Non-Profit Operation
2014 Income and Expenditure Report and County Summary Workbook Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Worksheet 5				
1. Salaries(A) Other Cost	\$ 581,793	\$ (2,936)		To reclassify Maintenance salary
		\$ 1,466		To reclassify facility based Specialist salary
		\$ 943		To reclassify facility based Specialist salary
		\$ 3,881		To reclassify Director of Marketing salary
		\$ (7,763)		To reclassify Director of Marketing salary
		\$ 1,385		To reclassify Sales Representative salary
		\$ (5,505)		To reclassify Sales Representative salary
		\$ (2,770)	\$ 570,494	To reclassify Sales Representative salary
2. Employee Benefits (A) Other Cost	\$ 195,546	\$ (453)		To reclassify Maintenance benefits
		\$ 324		To reclassify facility based Specialist benefits
		\$ 208		To reclassify facility based Specialist benefits
		\$ (2,883)		To reclassify Director of Marketing benefits
		\$ 1,441		To reclassify Director of Marketing benefits
		\$ 206		To reclassify Sales Representative benefits
		\$ (818)		To reclassify Sales Representative benefits
		\$ (412)	\$ 193,159	To reclassify Sales Representative benefits
4. Other Expenses (A) Other Cost	\$ 149,990	\$ 121		To reclassify non-profit transportation expenses
		\$ (4)		To remove transfer of funds
		\$ (3)		To remove transfer of funds
		\$ (13)		To remove transfer of funds
		\$ (8)		To remove transfer of funds
		\$ (11)		To remove transfer of funds
		\$ (82)		To reclassify due to lack of documentation
		\$ (64)		To reclassify due to lack of documentation
		\$ (115)		To reclassify due to lack of documentation
		\$ (1,248)		To reclassify due to lack of documentation
		\$ (125)		To reclassify due to lack of documentation
		\$ (103)		To remove transfer of funds
		\$ 95	\$ 148,430	To reclassify non-profit transportation expenses
Defiance County				
Worksheet 1				
9. Capital Costs (E) Facility Based Services	\$ 33,249	\$ (2,044)	\$ 31,205	See * footnote below
9. Capital Costs (L) Community Residential	\$ -	\$ 10	\$ 10	See * footnote below
9. Capital Costs (Z) Total	\$ 33,249	\$ (2,034)	\$ 31,215	See * footnote below
Worksheet 2				
10. Indirect Costs (E) Facility Based Services	\$ 150,286	\$ (11,760)	\$ 138,526	See * footnote below
10. Indirect Costs (L) Community Residential	\$ -	\$ 44	\$ 44	See * footnote below
10. Indirect Costs (Z) Total	\$ 150,286	\$ (11,716)	\$ 138,570	See * footnote below
Worksheet 2A				
11. Program Supervision (E) Facility Based	\$ 30,893	\$ (925)	\$ 29,968	See * footnote below
11. Program Supervision (L) Community Residential	\$ -	\$ 10	\$ 10	See * footnote below
11. Program Supervision (Z) Total	\$ 30,893	\$ (915)	\$ 29,978	See * footnote below
Worksheet 3				
12. Building Services (E) Facility Based Services	\$ 50,072	\$ (1,225)	\$ 48,847	See * footnote below
12. Building Services (L) Community Residential	\$ -	\$ 16	\$ 16	See * footnote below
12. Building Services (Z) Total	\$ 50,072	\$ (1,209)	\$ 48,863	See * footnote below
Worksheet 5				
15. Direct Services (L) Community Residential	\$ -	\$ 152	\$ 152	To reclassify Defiance community residential expense
Worksheet 8				
25. Transportation (E) Facility Based Services	\$ 203,975	\$ 472		To reclassify Defiance transportation expenses
		\$ (319)		To reclassify due to lack of documentation
		\$ 179	\$ 204,307	To reclassify Defiance transportation expense

Appendix A (Page 3)
Quadco Rehabilitation Center Administrative Board and Non-Profit Operation
2014 Income and Expenditure Report and County Summary Workbook Adjustments

	<u>Reported Amount</u>	<u>Correction</u>	<u>Corrected Amount</u>	<u>Explanation of Correction</u>
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 266,257	\$ (3,449)		To reclassify Maintenance salary
		\$ (8)		To remove transfer of funds
		\$ (25)		To remove transfer of funds
		\$ 626		To reclassify facility based Specialist benefits
		\$ 2,830		To reclassify facility based Specialist salary
		\$ (961)		To reclassify Sales Representative benefits
		\$ (6,467)		To reclassify Sales Representative salary
		\$ (532)	\$ 258,271	To reclassify Maintenance benefits
Williams County				
Worksheet 1				
9. Capital Costs (E) Facility Based Services	\$ 54,778	\$ (3,425)	\$ 51,353	See * footnote below
9. Capital Costs (L) Community Residential	\$ -	\$ 6	\$ 6	See * footnote below
9. Capital Costs (Z) Total	\$ 54,778	\$ (3,419)	\$ 51,359	See * footnote below
Worksheet 2				
10. Indirect Costs (E) Facility Based Services	\$ 247,594	\$ (19,626)	\$ 227,968	See * footnote below
10. Indirect Costs (L) Community Residential	\$ -	\$ 27	\$ 27	See * footnote below
10. Indirect Costs (Z) Total	\$ 247,594	\$ (19,599)	\$ 227,995	See * footnote below
Worksheet 2A				
11. Program Supervision (E) Facility Based	\$ 50,896	\$ (1,578)	\$ 49,318	See * footnote below
11. Program Supervision (L) Community	\$ -	\$ 6	\$ 6	See * footnote below
11. Program Supervision (Z) Total	\$ 50,896	\$ (1,572)	\$ 49,324	See * footnote below
Worksheet 3				
12. Building Services (E) Facility Based Services	\$ 82,493	\$ (2,107)	\$ 80,386	See * footnote below
12. Building Services (L) Community Residential	\$ -	\$ 10	\$ 10	See * footnote below
12. Building Services (Z) Total	\$ 82,493	\$ (2,097)	\$ 80,396	See * footnote below
Worksheet 5				
15. Direct Services (L) Community Residential	\$ -	\$ 94	\$ 94	To reclassify Williams community residential expense
Worksheet 8				
25. Transportation (E) Facility Based Services	\$ 317,022	\$ 733		To reclassify Williams transportation expenses
		\$ (495)	\$ 317,260	To reclassify due to lack of documentation
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 456,902	\$ (5,919)		To reclassify Maintenance salary
		\$ (14)		To remove transfer of funds
		\$ (43)		To remove transfer of funds
		\$ 1,074		To reclassify facility based Specialist benefits
		\$ 4,856		To reclassify facility based Specialist salary
		\$ (1,649)		To reclassify Sales Representative benefits
		\$ (11,098)		To reclassify Sales Representative salary
		\$ (914)	\$ 443,195	To reclassify Maintenance benefits

* These are not adjustments found as a direct result of the agreed-upon procedures (AUP) performed, but are a function of how costs are calculated and flow down from *Schedule A* and *Schedule B* of the COG Cost Report to the *County Summary Workbooks* after AUP adjustments were made to *Worksheets 1, 2 and 3* of the COG Cost Report.



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QUADCO REHABILITATION CENTER

WILLIAMS 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
DECEMBER 29, 2016**