



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

We have performed the procedures enumerated below on the Richwood Residential Centers, Inc.'s Medicaid Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF-IID) Cost Report and Medicaid payments for the year ended December 31, 2021, and certain compliance requirements related to the Cost Report and Medicaid services included in the information provided to us by the management of the ICF-IID. The ICF-IID is responsible for the Cost Report for the year ended December 31, 2021, and certain compliance requirements related to the Cost Report and Medicaid services included in the information provided to us by the ICF-IID.

The Ohio Department of Medicaid and the Ohio Department of Developmental Disabilities have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the ICF-IID's Cost Report for the year ended December 31, 2021, and certain compliance requirements related to the Cost Report and Medicaid services. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. 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.

The procedures and the associated findings are as follows:

Census Data and Medicaid Paid Claims

1. We footed the Resident Daily Census reports. There were no computational errors. We compared the total of inpatient and leave days from the census reports to *Schedule A-1, Summary of Inpatient Days*. There were no omitted days.
2. We selected eight residents from the Resident Daily Census reports and included residents with leave days in the selection. We obtained the medical records for the selected individuals for one month. We confirmed the ICF-IID maintained service documentation for each selected date as required by Ohio Admin. Code §§ 5123-7-12(H) and 5123:2-3-04(I). We found no omitted days.

For any reimbursed leave days, we obtained the remaining Resident Daily Census reports and medical records. We totaled the leave days per resident for the year and found none with total leave days over 30.

3. We compared the number of reimbursed Medicaid days with the total Medicaid days reported on *Schedule A-1*. We found that reported days were equal to net Medicaid reimbursed days.

Revenue

1. We agreed the revenue reported on *Attachment 1, Revenue Trial Balance* to the General Ledger and with the chart of account classifications in the Appendix to Ohio Admin. Code § 5123-7-12. There were no variances.
2. We scanned the description in the General Ledger Trial Balance for any discounts, allowances or refunds or rebates and compared these entries to the chart of account codes on *Attachment 2, Adjustments to Trial Balance; Schedule B-1, Other Protected Costs; Schedule B-2, Direct Care Cost Center; or Schedule C, Indirect Cost Care Center*. We found no unreported offsets or reclassifications between schedules.

Non-Payroll Expenses

1. We compared all non-payroll expenses from the General Ledger Trial Balance to *Schedule B-1, B-2 and C*. We found no variances exceeding \$500.
2. We scanned the General Ledger Trial Balance for potentially unallowable or improperly allocated costs and costs with no business purpose associated with the ICF-IID per CMS Publication 15-1, § 2102 to 2139 and § 2302.4.

We selected 30 non-payroll expenses from *Schedules B-1, B-2, and C* and obtained the invoice and/or contract for each expense, and, if the purpose of the expense was unclear, we inquired with the ICF-IID. Using this documentation and any additional explanations, we performed the following procedures on each expense:

- We confirmed if the documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H). We found no variances resulting in decreased costs.
- We footed the invoice/documentation for accuracy. We found no computational differences resulting in decreased costs. We compared the invoice rate to the contracted rate. We found no variances within the rates.
- We compared the documentation for each expense to the unallowable categories listed in CMS Publication 15-1, § 2102 to 2139. We found non-federal reimbursable costs as reported in the Appendix. For these errors, we scanned the corresponding invoices to identify any additional similar errors or misclassifications and found none.
- We compared the documented type of non-payroll expense to the schedule and chart of account classification reported on the Cost Report and to the chart of account classifications in the Appendix to Ohio Admin. Code § 5123-7-12 and the Instructions for completing the Ohio Department of Developmental Disabilities calendar year cost report for Intermediate Care Facilities for Individuals with Intellectual Disabilities Cost Report (Cost Report Instructions).

We found a variance between schedules exceeding \$500 as reported in the Appendix. For these errors, we scanned the corresponding invoices to identify any additional similar errors or misclassifications and found none.

- We documented the name and type of expense and inquired with ICF-IID to confirm that the business purpose of the expense benefitted the ICF-IID in accordance with CMS Publication 15-1 § 2302.4. We found no costs that did not benefit the ICF-IID.

Non-Payroll Expenses (Continued)

- We compared the cost and type of expense on the documentation to Ohio Admin. Code § 5123-7-18 and the ICF's Depreciation/Capitalization Policy to confirm that the expense was not a capital asset. We found no unidentified capital assets.
- We compared the cost methodology and allocation statistics for each expense to the allowable methods per CMS Publication 15-1 § 2302.4. We found no variances resulting in decreased costs. We confirmed each amount was expensed during 2021 and used the proper accounting basis in accordance with the Cost Report instructions.

Property

1. We compared the initial square footage and year of construction of the 81 Walnut Street facility from the Ashtabula County Auditor's Property records to *Attachment 9, Fair Rental Value Survey*. There were no differences in the year or square footage variances exceeding 10 percent.

We also compared the square footage, type and year of construction for the one recent addition from the floor plans and Ashtabula County Auditor's Property records to *Attachment 9, Log 1: Additions and Removals* and the Cost Report Instructions. We found a variance in the square footage exceeding 10 percent as reported in the Appendix.

2. We compared the project year, type and cost for five recent renovations from the invoices to *Attachment 9, Log 2: Renovations Projects*. We also compared the type and cost of the renovation to the Cost Report Instructions. There were no year or type variances or decreases in costs.
3. We compared equipment depreciation from the Fixed Asset/Depreciation Schedule and General Ledger Trial Balance to *Schedule D, Capital Cost Center*, the Cost Report Instructions. There were no variances.
4. We scanned the Fixed Asset/Depreciation Schedule and General Ledger Trial Balance to identify any reported loss on *Schedule D* no in accordance with CMS Publication 15-1, § 104.10(E). We found no capital losses were reported.

Payroll

1. We compared all salary and fringe benefits on the General Ledger Trail Balance to *Schedules B-1, B-2, and C*. We found no variances resulting in decreased costs.
2. We also compared hours and percentage of time worked and salaries from the Quarterly Payroll Summary to *Schedule C-1, Administrator's Compensation* and *Schedule C-2, Owner's Relatives Compensation*. There were variances resulting in decreased costs as reported in the Appendix.
3. We obtained the Quarterly Payroll Summary report and selected five employees reported on *Schedules B-2, C, C-1 and C-2* and obtained the job descriptions and Cash to Accrual reconciliation report and if the programs which benefit from the employees' work was unclear, we inquired with the ICF-IID. We performed the following procedures on each selected employee:
 - We compared the employee payroll documentation to the Cost Report and confirmed if documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H). We found no variances for unsupported expenses.

Payroll (Continued)

- We compared the employee payroll documentation for each expense to the unallowable categories listed in CMS Publication 15-1, § 2102 to 2139 and determined if the cost benefitted the Medicaid program in accordance with CMS Publication 15-1 § 2302.4. We found no variances resulting in decreased costs.
- We compared the employee payroll documentation to the schedule and account classification reported on the Cost Report and to the chart of account classification in the Appendix to Ohio Admin. Code § 5123-7-12 and to the Cost Report instructions. We found reclassifications between schedules exceeding \$500.
- We compared the cost methodology and allocation statistics for each expense to the allowable methods per CMS Publication 15-1 § 2302.4 and determined if each amount was expensed during 2021 and used the proper accounting basis in accordance with the Cost Report instructions. We found no variances resulting in decreased costs.

Contracted Personnel

We selected two contracted personnel reported on *Schedule B-2* and obtained the corresponding contracts, contract invoice, medical records, and one month of timesheets/documentation of work performed by each contract employee, and if the purpose of the contract expense is unclear, we inquired with the ICF-IID (contract documentation). Using this documentation, we performed the following procedures on each selected contracted personnel:

- We compared contract documentation to the General Ledger Trial Balance and Cost Report instructions to confirm if documentation for the full cost was maintained as required by Ohio Admin. Code § 5123-7-12(H). We found no variances resulting in decreased costs.
- We footed the contract invoices and found no computational errors. We compared the invoice rate to the contracted rate and found no variances within the rates.
- We compared the contract documentation to the unallowable categories listed in CMS Publication 15-1, § 2102 to 2139 and determined if the costs benefitted the ICF-IID in accordance with CMS Publication 15-1 § 2302.4. We found no variances resulting in decreased costs.
- We compared the documented contract cost and type of expense to the schedule and chart of account classification reported on the Cost Report and to the chart of account classification in the Appendix to Ohio Admin. Code § 5123-7-12. We found no reclassifications between schedules exceeding \$500.
- We compared the cost methodology and allocation statistics for each expense to the allowable methods per CMS Publication 15-1 § 2302.4. We found no variances resulting in decreased costs. We confirmed each amount was expensed during 2021 and used the proper accounting basis in accordance with the Cost Report Instructions. We found no variances resulting in decreased costs.

We were engaged by the Ohio Department of Medicaid to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants (AICPA). We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the ICF-IID's Cost Report and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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We are required to be independent of the ICF-IID and to meet our ethical responsibilities, in accordance with the ethical requirements established by the AICPA related to our agreed upon procedures engagement.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2023

Appendix
Richwood Residential Centers, Inc.
Medicaid ICF-IID Cost Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule B-1 Other Protected Costs				
2. Medical Supplies - Medicare non billable - 6001 - Other/Contract Wages (2)	\$ 3,733	\$ (1,088)	\$ 2,645	To reclassify universal precaution supplies to Schedule C
Schedule B-2 Direct Care Costs				
20. Quality Assurance - 6205 - Other/Contract Wages (2)	\$ 13,036	\$ (2,607)	\$ 10,429	To reclassify portion of Quality Assurance salaries to Other Administrative Personnel
Schedule C Indirect Care Cost Center				
7. Food In-Facility - 7040 - Other/Contract Wages (2)	\$ 23,874	\$ (37)		To reclassify alcoholic purchases to non- reimbursable costs
		\$ (43)	\$ 23,794	To reclassify alcoholic purchases to non- reimbursable costs
27. Other Administrative Personnel - 7210 - Other/Contract Wages (2)	\$ -	\$ 2,607	\$ 2,607	To reclassify portion of Quality Assurance salaries to Other Administrative Personnel
37. Universal Precaution Supplies - 7255 - Other/Contract Wages (2)	\$ 837	\$ 1,088	\$ 1,925	To reclassify universal precaution supplies to Schedule C
68. Other Non-Reimbursable - Specify Below - 9725 - Other/Contract Wages (2)	\$ -	\$ 37		To reclassify alcoholic purchases to non- reimbursable costs
		\$ 43	\$ 80	To reclassify alcoholic purchases to non- reimbursable costs
Schedule C-2 Owners'/Relatives' Compensation Account 6205				
Paid Weekly - Hours (8)	12.00	(2.40)	9.60	To reclassify Quality Assurance hours to Other Admin Personnel
Paid Weekly - Percentage (9)	30	(6)	24	To reclassify percentage of Quality Assurance hours to Other Admin Personnel
Compensation - Amount (12)	\$ 13,036	\$ (2,607)	\$ 10,429	To reclassify portion of Quality Assurance salaries to Other Administrative Personnel
Account 7210				
Position Number (3)	-	WH048	WH048	To add position number for Other Admin Personnel
Paid Weekly - Hours (8)	-	2.40	2.40	To reclassify Quality Assurance hours to Other Admin Personnel
Paid Weekly - Percentage (9)	-	6	6	To reclassify percentage of Quality Assurance hours to Other Admin Personnel
Compensation - Account Number (10)	-	7210	7210	To add account number for Other Admin Personnel
Compensation - Amount (12)	\$ -	\$ 2,607	\$ 2,607	To reclassify portion of Quality Assurance salaries to Other Administrative Personnel
Attachment 9, Fair Rental Value Survey Fair Rental Value Log1: Additions and Removals				
1. Change in Square Footage	124	86	210	To agree square footage to County Auditor Tax Records

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RICHWOOD RESIDENTIAL CENTERS, INC.

ASHTABULA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/28/2023

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This report is a matter of public record and is available online at
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