



Dave Yost • Auditor of State

KNOX COUNTY BOARD OF DEVELOPMENTAL DISABILITIES

TABLE OF CONTENTS

Title	Page
Independent Auditors' Report	1
Paid Claims - Recoverable Findings – 2010.....	7
Paid Claims - Recoverable Findings – 2011.....	7
Recommendation: Using Proper Capitalization Threshold for Depreciable Assets.....	10
Appendix A: Income and Expenditure Report Adjustments – 2010.....	13
Appendix B: Income and Expenditure Report Adjustments – 2011.....	16

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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 Rev. Code § 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 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 Knox County Board of Developmental Disabilities (County Board) prepared its *Income and Expenditure Report* for the years ended December 31, 2010 and 2011 (Cost Reports) in accordance with DODD's Guide to Preparing Income and Expenditure Reports for 2010 and 2011 (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 County Board'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.

The Auditor of State, under the same authority noted above, also performed the Acuity Testing procedures below for the 2008, 2009, 2010 and 2011 Cost Reports.

Statistics – Square Footage

1. DODD requested us to tour the facilities to identify how space was used by County Board programs and to identify new, closed or empty buildings along with rented or idle space and, if final 2009 square footage totals are the same as the 2010 and 2011 Cost Reports and no significant changes in the floor plan have occurred, to perform no additional procedures.

We toured the facilities to identify how space was used by County Board programs and to identify new, closed or empty buildings along with rented or idle floor space. We found no unreported rented or idle floor space.

We compared 2010 and 2011 square footage totals to final 2009 square footage totals and found the square footage reported were not the same, discussed square footage changes with the County Board, and noted significant changes did occur and we performed the procedures below.

2. DODD requested us to report variances if the County Board's square footage for three rooms varied by more than 10 percent of the square footage reported in the summary which rolls up to *Schedule B-1, Section A, Square Footage*.

The County Board did not have summaries which rolled up to the Cost Reports. We measured three rooms and compared the square footage to the County Board's floor plan.

We found no square footage variances on the floor plans for rooms that were measured exceeding 10 percent.

3. DODD requested us to report variances if the County Board's square footage for one floor plan varied by more than 10 percent of the square footage reported in the summary which rolls up to *Schedule B-1, Section A, Square Footage*.

We did not perform this procedure since the County Board did not have a square footage summary. However, we prepared a square footage summary based on the floor plans provided by the County Board for the New Hope Industries and New Hope Early Education Center buildings (see procedure 4 for results of comparison of Auditor of State (AOS) developed summary to the Cost Reports). We incorporated changes in usage reported by the County Board (see procedure 1 above) in the new summary.

4. DODD requested us to report variances if the County Board's square footage summary varied by more than 10 percent when comparing the County Board's summary to the Cost Report for any cell within *Schedule B-1, Section A, Square Footage*.

We compared the AOS developed square footage summary to the square footage reported for each cell in *Schedule B-1, Section A, Square Footage*.

We found variances exceeding 10 percent as reported in Appendix A (2010) and Appendix B (2011).

5. We obtained the County Board's methodology for allocating square footage between programs and reviewed the methodology to ensure that square footage for areas shared by more than one type of service is allocated by program based on reported usage of the area in accordance with the Cost Report Guides.

We found no inconsistencies between the County Board's methodology and the Cost Report Guides except that square footage for transportation program without supporting statistics should be reclassified to non-federal reimbursable (see procedure 1 of Statistics - Transportation) as reported in Appendix A (2010) and Appendix B (2011).

Statistics – Attendance

1. We reviewed the Cost Reports to determine if individuals served or units of service were omitted on *Schedule B-1, Section B, Attendance Statistics*, worksheet 4, or worksheets 7A to 7H which result in unassigned program or general expenses-all program costs.

The County Board does not track these statistics therefore we did not perform this procedure for *Schedule B-1, Section B, Attendance Statistics* (see procedure 3 below). We determined that there were no individuals served or units of service omitted for worksheet 4 or worksheets 7A to 7H which resulted in unassigned program or general expenses-all program costs.

2. DODD asked us to compare the County Board's final 2009 typical hours of service reported on *Schedule B-1, Section B, Attendance Statistics* to the typical hours of service reported on *Schedule B-1* for 2010 and 2011 and, if the hours are the same, to do no additional procedures.

We did not perform this test since there was no supporting documentation for typical hours of service (see procedure 3 below). We reported differences to remove statistics in Appendix A (2010) and Appendix B (2011).

3. DODD requested us to report variances if the County Board's attendance statistics were not within two percent of the attendance statistics reported.

The County Board contracts with private providers for all of its adult program services; however, it did not maintain statistics for those individuals and services directly funded by the County Board, nor did they bill for adult program services. Therefore, the adult program costs reported on *Worksheet 10, Adult Program Worksheet* and statistics on *Schedule B-1, Allocation Statistics, Section B, Attendance Statistics* in 2010 and 2011 lacked supporting documentation to show they benefitted the County Board's adult program and were unallowable under 2 CFR Part 225, Appendix A, Section (C)(1)(j), (C)(3)(a) and the Cost Report Guide in section *Worksheet 10, Adult Programs*.

We removed statistics and reclassified corresponding expenses as non-federal reimbursable as reported in Appendix A (2010) and Appendix B (2011).

4. DODD requested us to report variances if the County Board's number of individuals served varied by more than 10 percent when comparing to the prior audited period's attendance statistics on *Schedule B-1, Section B, Attendance Statistics*.

We did not perform this procedure since we removed individuals served (see procedure 3 above) due to the lack of supporting documentation as reported in Appendix A (2010) and Appendix B (2011).

5. DODD requested us to report variances if the individuals served on *Schedule B-1, Section B, Attendance Statistics* were not within three of the individuals documented on the attendance sheets.

We did not perform this procedure since we removed individuals served (see procedure 3 above) due to the lack of supporting documentation as reported in Appendix A (2010) and Appendix B (2011).

6. DODD requested us to report variances to *Schedule B-1, Section B, Attendance Statistics* if more than three of the 15 minute community employment units tested were not calculated in accordance with the Cost Report Guides.

We did not perform this procedure as the County Board reported no 15 minute units on its Cost Reports and we removed Supported Employment - Community Employment individuals served (see procedure 3 above) due to the lack of supporting documentation.

Acuity Testing

1. DODD requested us to report variances if days of attendance on the Days of Attendance by Acuity supplemental Cost Report worksheet for 2008, 2009, 2010, and 2011 did not agree to the County Board's supporting documentation.

We did not perform this procedure for 2008, 2009, 2010, and 2011 because the County Board's revised Cost Reports do not include any statistics on *Schedule B-1, Section B, Attendance Statistics*, nor did the County Board bill for adult day program services.

2. DODD requested us to compare two individuals from each acuity level on the County Board's 2008, 2009, 2010 and 2011 attendance acuity reports to the Acuity Assessment Instrument or other documentation for each individual for 2008 and 2009, 2010, and 2011.

We did not perform this procedure for 2008, 2009, 2010, and 2011 because the County Board's revised Cost Reports do not report any statistics on *Schedule B-1, Section B, Attendance Statistics*, nor did the County Board bill for adult day program services.

Statistics – Transportation

1. DODD requested us to report variances if the County Board's transportation units were not within two percent of total units reported on each line of *Schedule B-3, Quarterly Summary of Transportation Services*.

The County Board contracts with private providers for all of its transportation services; however, it did not maintain statistics for those individuals and services directly funded by the County Board, nor did they bill for transportation services. Therefore, the transportation costs reported on *Worksheet 8, Transportation Services* and square footage and statistics on *Schedule B-1, Allocation Statistics, Section A, Square Footage* and *Section B, Attendance Statistics* and *Schedule B-3, Quarterly Summary of Transportation Services*, in 2010 and 2011 lacked supporting documentation to show they benefitted the County Board's program and were unallowable under 2 CFR Part 225, Appendix A, Section (C)(1)(j), (C)(3)(a) and the Cost Report Guide in section *Worksheet 8, Transportation Services*.

We removed statistics and reclassified expenses as non-federal reimbursable as reported in Appendix A (2010) and Appendix B (2011).

2. DODD requested us to report variances of more than 10 percent of the total trips taken for five individuals for both 2010 and 2011, between the County Board's internal documentation versus the amount reported on *Schedule B-3, Quarterly Summary of Transportation Services*.

We did not perform this procedure since we removed trips statistics (see procedure 1 above) as reported in Appendix A (2010) and Appendix B (2011).

3. DODD requested us to report variances if the County Board's cost of bus tokens/cabs was not within two percent of the total amount reported on *Schedule B-3 Quarterly Summary of Transportation Services*.

We compared the cost of bus tokens/cabs from the County Board's State Expenses Detailed Reports and IHAC Expense Detail reports to the amount reported in *Schedule B-3*.

The County Board did not report any cost of bus tokens, cabs on *Schedule B-3* for 2010 and 2011. We found additional *Schedule B-3* costs; however, we noted differences impacting transportation related costs reported on *Worksheet 8, Transportation Services* (see procedure 1 above).

Statistics – Service and Support Administration (SSA)

1. DODD requested us to report variances if the County Board's SSA units were not within two percent of total units reported on each line of *Schedule B-4, Quarterly Summary of Units of Service – Service and Support Administration*.

We compared the number of SSA units (Targeted Case Management (TCM), Other SSA Allowable, Home Choice, and SSA Unallowable) from the County Board's Receivable Billing Reimbursable Summary By Funding Source Service and Biller and Case Notes Detail By Consumer reports with those statistics reported in *Schedule B-4, Quarterly Summary of Units of Service – Service and Support Administration*. We also footed the County Board's SSA reports for accuracy.

We found differences exceeding two percent as reported in Appendix A (2010) and Appendix B (2011).

2. DODD requested us to report variances if the Other SSA Allowable units tested had an error rate exceeding 10 percent.

We haphazardly selected a sample of 60 Other SSA Allowable units for both 2010 and 2011 from the Receivable Billing Reimbursable Summary By Consumer, Service and Date reports and determined if the case note documentation described activities listed in Ohio Admin. Code § 5101:3-48-01(D), and also included the documentation elements required by Ohio Admin. Code § 5101:3-48-01(F).

We found no errors.

3. DODD requested us to select a sample of 60 Unallowable SSA service units for both 2010 and 2011 and determine if the case note documentation described activities listed in Ohio Admin. Code § 5101:3-48-01(D), and included the documentation elements required by Ohio Admin. Code § 5101:3-48-01(F) and report variances if the SSA Unallowable units tested had an error rate exceeding 10 percent.

The County Board reported no unallowable units in 2010 or 2011 and stated their SSAs do not provide unallowable activities. We found no unallowable activities in the Other SSA Allowable sample (see procedure 2 above).

4. DODD requested us to report decreases exceeding five percent in total SSA units by line on *Schedule B-4* when compared to the prior year's final Cost Report.

We compared the final 2009 SSA units to the final 2010 SSA units and compared the final 2010 SSA units to the final 2011 SSA units.

The final 2010 TCM and Other SSA Allowable units decreased by more than five percent from the prior year's *Schedule B-4* and we obtained the County Board's explanation that staffing was decreased. We reported no variances in Appendix A (2010) and Appendix B (2011).

5. DODD requested us to determine if the County Board maintained case note documentation for non-individual specific activities (general time units) as described in *Worksheet 9, Service and Support Administration Costs* of the Cost Report Guides. If the County Board did record general time units and they accounted for over 10 percent of total SSA units on the final audited *Schedule B-4* plus any general time units recorded, DODD requested us to determine if they were properly classified and report any variances with an error rate exceeding 10 percent and indicating a systemic issue.

We haphazardly selected a sample of 60 general time Units for 2010 and 2011 from the Receivable Billing Reimbursable Summary By Consumer, Service and Date reports and determined if the case note documentation described activities listed in Ohio Admin. Code §

5101:3-48-01(D) or in *Worksheet 9, Service and Support Administration Costs*, Section 1(b) of the Cost Report Guides.

The units found to be in error exceeded 10 percent of our sample for 2010. We selected an additional 60 general time units and found one additional unit in error. We reported differences in Appendix A (2010).

The units found to be in error did not exceed 10 percent of our sample for 2011.

Revenue Cost Reporting and Reconciliation to the County Auditor Report

1. We compared the receipt totals from the 12/31/2010 and 12/31/2011 County Auditor's Revenue Period Report for the Developmental Disabilities (001), DD Waivers (002), and DD Supported Living (003) to the County Auditor's report totals reported on the *Reconciliation to County Auditor Worksheets*.

We found no differences.

2. DODD asked us to determine whether total County Board receipts reported in the *Reconciliation to County Auditor Worksheets* reconciled within 1/4 percent of the County Auditor's yearly report of total receipts for these funds.

Total County Board receipts were within 1/4 percent of the County Auditor's yearly receipt totals reported for these funds.

3. DODD asked us to compare the account description and amount for each revenue reconciling item on the *Reconciliation to County Auditor Worksheet* to the County Board's State Account Code Detail Reports and other supporting documentation such as county tax settlement sheets.

We did not perform this procedure since the total County Board receipts were within 1/4 percent of the County Auditor's yearly receipt totals in procedure 2 above.

4. We compared revenue entries on *Schedule C, Income Report* to the Mid East Ohio Regional Council of Governments (COG) prepared County Board Summary Workbooks.

We found no differences.

5. We reviewed the County Board's State Account Code Detailed Reports and *Schedule C, Income Report* to determine whether revenues are maintained separately to offset corresponding expense via the use of specific expenditure costs centers and identified any potential revenue offsets/applicable credits.

We identified the following sources of potential revenue credits for which the County Board did not offset costs on the Cost Reports in accordance with 2 CFR 225, Appendix A (C)(3)(c) and (4)(a):

- Miscellaneous refunds, reimbursements and other income in the amount of \$177,820.53 in 2010 and \$177,605.47 in 2011; and
- Title XX revenues in the amount of \$45,014.00 in 2010 and \$43,751.00 in 2011.

We also noted Ohio Rehabilitation Services Commission (Bridges to Transitions) revenues in the amount of \$49,204 in 2011; however, corresponding expenses were offset on *Schedule A1, Adult Program* as reported in Appendix A (2010) and Appendix B (2011).

Paid Claims Testing

1. We selected 100 paid claims among all service codes from 2010 and 2011 from the Medicaid Billing System (MBS) data and determined if the claims met the following service documentation requirements of Ohio Admin. Code Sections 5123:2-9-05, 5123:2-9-18 (H) (1)-(2), and 5101:3-48-01(F):

- Date of service;
- Place of service;
- Name of the recipient;
- Name of the provider;
- Signature of the person delivering the service or initials of the person delivering the service if the signature and corresponding initials are on file with the provider;
- Type of service (for homemaker/personal care, type must include if routine, on-site/on-call, or level one emergency);
- Number of units of the delivered service or continuous amount of uninterrupted time during which the service was provided; and
- Arrival and departure times of the provider of service's site visit to the recipient's location or of the recipient's visit to the provider of service's location.¹

We found instances of non-compliance with these documentation requirements for 2010 and 2011.

Recoverable Finding - 2010 Finding \$360.17

We determined the County Board was over reimbursed for 48 units of Targeted Case Management (TCM) service.

Service Code	Units In Error	Review Results	Finding
TCM	48	Units billed in excess of actual service delivery	\$360.17

Recoverable Finding - 2011 Finding \$476.66

We determined the County Board was over reimbursed for 48 units of Targeted Case Management (TCM) service.

Service Code	Units In Error	Review Results	Finding
TCM	48	Units billed in excess of actual service delivery	\$476.66

2. DODD requested us to report variances if units reimbursed by Medicaid were more than the units reported in the Cost Reports.

¹ For non-medical transportation (service codes) we reviewed similar service documentation requirements to ensure compliance with Ohio Admin. Code § 5123:2-9-18 (H)(1)-(2) excluding H(1)(d),(f),(j) and H(2)(d),(f).

We compared the number of reimbursed TCM units and Community Employment units from the MBS Summary by Service Code report, to the final units on *Schedule B-4, Quarterly Summary of Units of Service – Service and Support Administration, Line (1)(F), TCM Units* and to *Schedule B-1, Section B, Attendance Statistics, Line (4)(C), Supported Employment – Community Employment, 15 minute units*, respectively.

We found no instance where the Medicaid reimbursed units were greater than audited TCM units. The County Board was not reimbursed for Supported Employment - Community Employment units during 2010 or 2011.

3. DODD requested us to report whether any reimbursements exceeded disbursements on *Schedule A, Summary of Service Costs- By Program* worksheet by two percent.

We compared the amounts reported on *Schedule A, Summary of Service Costs – By Program, Lines (20), Environmental Accessibility Adaptations to Line (25), Other Waiver Services* to the amount reimbursed for these services in 2010 and 2011 on the MBS Summary by Service Code report.

We found no differences as the County Board did not report costs on *Schedule A, Summary of Service Costs - By Program*, for Lines (20) to Line (25). We also reviewed the MBS Summary by Service Code report and found the County Board did not get reimbursed for these services in 2010 and 2011.

Non-Payroll Expenditures and Reconciliation to the County Auditor Report

1. We compared the disbursement totals from the 12/31/2010 and 12/31/2011 County Auditor's report listed on the Reconciliation to County Auditor Worksheets to the County Auditor's Combined MTD/YTD Expense Period reports for the Developmental Disabilities (001), DD Waivers (002), and DD Supported Living (003) funds.

We found no differences.

2. DODD asked us to determine whether total County Board disbursements reported in the Reconciliation to County Auditor Worksheets reconciled within 1/4 percent of the County Auditor's yearly report of total disbursements for these funds.

Total County Board disbursements were within 1/4 percent of the County Auditor's yearly disbursement totals reported for these funds.

3. DODD asked us to compare the account description and amount for each reconciling item on the County Auditor Reconciliation Worksheets to the County Board's detailed expense reports and other supporting documentation such as county tax settlement sheets.

We did not perform this procedure since total County Board disbursements were within 1/4 percent of the County Auditor's yearly disbursement totals in procedure 2 above.

4. DODD asked us to compare the County Board's detailed disbursements to the amounts reported on worksheets 2 through 10, and report variances exceeding \$100 for service contracts and other expenses on any worksheet.

We compared all service contract and other expenses entries on worksheets 2 through 10 to the County Board's State Expenses Detailed Reports and IHAC Expense Detail reports.

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

5. We compared disbursement entries on *Schedule A, Summary of Service Costs – By Program* and worksheets 2 through 10 to the COG prepared County Board Summary Workbooks.

We found differences as reported in Appendix A (2010) and Appendix B (2011).

6. DODD asked us to determine whether the County Board's detailed disbursements were properly classified within two percent of total service contracts and other expenses for all worksheets and if any worksheet included disbursements over \$100 which are non-federal reimbursable under 2 CFR 225 Appendix B.

We scanned the County Board's State Expenses Detailed Reports and IHAC Expense Detail reports for service contracts and other expenses in the following columns and worksheets: column X-General Expense all Programs on worksheets 2 through 8; column N-Service and Support Administration costs on worksheet 9; and columns E-Facility Based Services, F-Enclave, and G-Community Employment on worksheet 10, and reviewed documentation to identify disbursements not classified as prescribed by 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 (2010) and Appendix B (2011) for misclassified and non-federal reimbursable costs.

7. We scanned the County Board's State Expenses Detailed and IHAC Expense Detail reports for items purchased during 2010 and 2011 that met the County Board's capitalization criteria and traced them to inclusion on the County Board's Depreciation Schedule.

We reported differences for purchases that were not properly capitalized as reported in Appendix A (2010). We reported differences for 2010 purchases to record their first year's depreciation in Appendix B (2011).

8. We haphazardly selected 40 disbursements from 2010 and 2011 from the County Board's State Expenses Detailed and IHAC Expense Detail reports that were classified as service contract and other expenses on worksheets 2 through 10. 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 reported differences in Appendix A (2010) and Appendix B (2011) for misclassified costs.

Property, Depreciation, and Asset Verification Testing

1. We compared the County Board'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 noted one inconsistency with the guidelines listed above. The County Board's capitalization level is \$5,000 but our review of the Knox County financial statements showed the County uses a capitalization threshold of \$1,000.

Recommendation:

We recommend the County Board use a capitalization threshold for completion of the Cost Report in accordance with 2 CFR 225, Appendix B, Section 15(a)(2) which states, "Equipment" means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the governmental unit for financial statement purposes, or \$5000."

2. We compared the County Board's final 2009 Depreciation Schedule to the County Board's 2010 and 2011 original and revised Depreciation Schedules (see procedure 4 below) for changes in the depreciation amounts for assets purchased prior to the periods under review which were not in compliance with the Cost Report Guides.

We found no differences.

3. DODD asked us to compare the depreciation costs reported in the County Board's depreciation schedule to the amounts reported on *Worksheet 1, Capital Costs*, and to report variances exceeding \$100.

We compared all depreciation entries reported on *Worksheet 1, Capital Costs* to the County Board's original and revised Depreciation Schedules.

We found no differences with the original Depreciation Schedules. We found differences with the revised Depreciation Schedules as reported in Appendix A (2010) and Appendix B (2011).

4. We scanned the County Board's original and revised Depreciation Schedules for 2010 and 2011 for 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.

We found errors in the County Board's original Depreciation Schedules for assets which had their first year of depreciation in 2010 and 2011 and asked the County Board to submit corrected depreciation schedules.

We found differences as reported in Appendix A (2010) and Appendix B (2011), see also procedure 3 above.

5. We haphazardly selected four County Board's fixed assets which meet the County Board's capitalization policy and were purchased in 2009, 2010 or 2011 to determine if the useful lives agreed to the estimated useful lives prescribed in the 2008 American Hospital Association (AHA) Asset Guide. 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 and AHA Asset Guide.

We found no differences for the 2010 Cost Report. We found differences in the first year depreciation for an asset purchased in 2010 as reported in Appendix B (2011).

6. DODD asked us to haphazardly select the lesser of five percent or 20 disposed assets from 2010 and 2011 from the County Board's list of disposed assets and determined if the asset was removed from the County Board's fixed asset ledger.

We did not perform this procedure because the County Board stated that no capital assets were disposed of in 2010 or 2011. We also scanned the County Board's Revenue Received Reports and did not find any proceeds from the sale or exchange of fixed assets.

Payroll Testing

1. DODD asked us to determine whether total County Board salaries and benefits in the 2010 and 2011 Cost Reports were within two percent of the County Auditor's report totals for the Developmental Disabilities (001) fund.

We totaled salaries and benefits from worksheets 2 through 10 from the 2010 and 2011 Cost Reports and compared the yearly totals to the County Auditor's Combined MTD/YTD Expense Reports.

The variance was less than two percent.

2. DODD asked us to compare the County Board's detailed payroll disbursements to the amounts reported on worksheets 2 through 10, and to report variances exceeding \$100 for salaries or employee benefit expenses.

We compared all salary and employee benefit entries on worksheets 2 through 10 to the County Board's State Expenses Payroll Only By SAC/Employee (Summary) Reports.

We found differences as reported in Appendix A (2010). We found no differences in 2011.

3. We selected eight employees and compared the County Board's organizational chart and job descriptions to the worksheet in which each employee's salary and benefit costs were allocated to ensure allocation is consistent with the Cost Report Guides.

We reported differences in Appendix A (2010) and Appendix B (2011) and, because misclassification errors exceeded 10 percent of the sample size, we performed procedure 4 below.

4. DODD asked us to scan the County Board's detailed payroll reports for 2010 and 2011 and compare classification of employees to entries on worksheets 2 through 10 to determine if salary and benefit costs were reported in accordance with the Cost Report Guides if the errors in procedure 3 above exceeded 10 percent.

We scanned the County Board's Payroll and Benefits by Date Span Summary By Payroll Date reports and compared classification of employees to entries on worksheets 2 through 10 to determine if salary and benefit costs were reported in accordance with the Cost Report Guides.

We found differences as reported in Appendix A (2010) and Appendix B (2011).

Medicaid Administrative Claiming (MAC)

1. DODD asked us to contact its Random Moment Time Study (RMTS) Coordinator to report differences if the MAC salary and benefits versus the County Board's payroll records exceeded one percent or more.

We compared the salary and benefits entered on the Individual MAC Costs by Code and MAC RMTS reports to the County Board's State Expenses Payroll Only By SAC/Employee (Summary) Report.

We found a variance in 2010 exceeding one percent and, accordingly, DODD adjusted the Individual MAC Costs by Code Report. We found no variance exceeding one percent in 2011.

2. We compared the revised 2010 and the original 2011 Individual MAC Costs by Code and MAC Random Moment Time Summary Report(s) to Worksheet 6, columns (I) and (O).

We found differences as reported in Appendix A (2010). We found no differences in 2011.

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 reported differences in Appendix A (2010) and Appendix B (2011).

4. We selected 12 RMTS observed moments completed by employees of the County Board from the DODD RMTS Participant Moments Question and Answer report for the fourth quarter of 2010 and 12 RMTS observed moments from the third quarter of 2011 in which they documented their time spent on administering Medicaid-funded programs. We determined if supporting documentation of the County Board 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 and 2011.

We found no issues.

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 County Board's Cost Reports. 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 County Board, 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

May 6, 2014

cc: Steve Oster, Superintendent, Knox County Board of Developmental Disabilities
Robert Mahle, Business Manager, Knox County Board of Developmental Disabilities
Angie Muston, Board President, Knox County Board of Developmental Disabilities

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Appendix A
Knox County Board of Developmental Disabilities
2010 Income and Expenditure Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule B-1, Section A				
1. Building Services (C) Child	1,022	331	1,353	To correct square footage
21. Service And Support Admin (D) General	1,323	12	1,335	To correct square footage
23. Administration (D) General	668	27	695	To correct square footage
25. Non-Reimbursable (C) Child	12,942	180	13,122	To correct square footage
25. Non-Reimbursable (D) General	-	71	71	To correct square footage
Schedule B-1, Section B				
1. Total Individuals Served By Program (A) Facility Based Services	39	(39)	-	To remove statistics
1. Total Individuals Served By Program (C) Supported Emp. -Community Employment	22	(22)	-	To remove statistics
2. Days Of Attendance (A) Facility Based Services	3,579	(3,579)	-	To remove statistics
3. Typical Hours Of Service (A) Facility Based Services	7	(7)	-	To remove statistics
Schedule B-3				
5. Facility Based Services (A) One Way Trips- First Quarter	1,267	(1,267)	-	To remove trips
5. Facility Based Services (C) One Way Trips- Second Quarter	1,429	(1,429)	-	To remove trips
5. Facility Based Services (E) One Way Trips- Third Quarter	1,751	(1,751)	-	To remove trips
5. Facility Based Services (G) One Way Trips- Fourth Quarter	1,646	(1,646)	-	To remove trips
Schedule B-4				
1. TCM Units (D) 4th Quarter	8,868	6	8,874	To correctly report SSA units
2. Other SSA Allowable Units (D) 4th Quarter	586	(116)	470	To correctly report SSA units
3. Home Choice Units (D) 4th Quarter	207	112	319	To correctly report SSA units
5. SSA Unallowable Units (D) 4th Quarter	-	3	3	To correctly report SSA units
Worksheet 1				
2. Land Improvements (X) Gen Expense All Prgm.	\$ 5,514	\$ 369	\$ 5,883	To agree to updated County Board depreciation ledger.
3. Buildings/Improve (X) Gen Expense All Prgm.	\$ 138,648	\$ 1,147	\$ 139,795	To agree to updated County Board depreciation ledger.
4. Fixtures (X) Gen Expense All Prgm.	\$ 6,596	\$ (1,779)	\$ 4,817	To agree to updated County Board depreciation ledger.
5. Movable Equipment (X) Gen Expenses All Prgm.	\$ 580	\$ 442	\$ 1,022	To agree to updated County Board depreciation ledger.
8. COG Expenses (L) Community Residential	\$ 43	\$ (28)	\$ 15	To match to audited COG workbook
8. COG Expenses (N) Service & Support Admin	\$ 589	\$ (393)	\$ 196	To match to audited COG workbook
8. COG Expenses (O) Non-Federal Reimbursable	\$ -	\$ 16	\$ 16	To match to audited COG workbook
Worksheet 2				
1. Salaries (X) Gen Expense All Prgm.	\$ 138,558	\$ 5,635	\$ 144,193	Adjust MAC costs to the revised MAC report
2. Employee Benefits (X) Gen Expense All Prgm.	\$ 101,344	\$ 272	\$ 101,616	To adjust benefits to agree to payroll report
		\$ 5,613	\$ 107,229	To reclassify worker's compensation as fringe benefit
4. Other Expenses (O) Non-Federal Reimbursable	\$ -	\$ 1,539	\$ 1,539	To reclassify a non-federal reimbursable amount.
4. Other Expenses (X) Gen Expense All Prgm.	\$ 87,048	\$ (4,742)	\$ 82,306	To reclassify worker's compensation as fringe benefit
		\$ 14,472	\$ 96,778	To reclassify administrative expenses
		\$ 7,314	\$ 104,092	To reclassify conference room furniture.
		\$ (5,711)	\$ 98,381	To reclassify expenses (computer equipment) as assets
		\$ (1,539)	\$ 96,842	To reclassify a non-federal reimbursable amount.
5. COG Expenses (L) Community Residential	\$ 2,629	\$ (1,737)	\$ 892	To match audited COG workbook
5. COG Expense (N) Service & Support Admin	\$ 35,597	\$ (23,521)	\$ 12,076	To match audited COG workbook
5. COG Expense (O) Non-Federal Reimbursable	\$ -	\$ 29,344	\$ 29,344	To match audited COG workbook
10. Unallowable Fees (O) Non-Federal Reimbursable	\$ 282,722	\$ (58,453)	\$ 224,269	To reclassify Bridges Match Payment
		\$ (692)	\$ 223,577	To reclassify MEORC expenses.

Appendix A (Page 2)
Knox County Board of Developmental Disabilities
2010 Income and Expenditure Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Worksheet 2A				
2. Employee Benefits (L) Community Residential	\$ 4,643	\$ 3,093		Adjust MAC costs to the revised MAC report
		\$ 1,381		To reclassify worker's compensation as fringe benefit
		\$ (7,736)	\$ 1,381	To reclassify non 2nd level supervisor benefits: Ike & Gardner
2. Employee Benefits (N) Service & Support Admin	\$ 6,591	\$ 3,241		Adjust MAC costs to the revised MAC report
		\$ 1,472		To reclassify worker's compensation as fringe benefit
		\$ (4,929)	\$ 6,375	To reclassify non 2nd level supervisor benefits - Hill
4. Other Expenses (L) Community Residential	\$ 3,379	\$ (1,459)	\$ 1,920	To reclassify worker's compensation as fringe benefit
4. Other Expenses (N) Service & Support Admin	\$ 8,906	\$ (2,189)	\$ 6,717	To reclassify worker's compensation as fringe benefit
Worksheet 3				
2. Employee Benefits (X) Gen Expense All Prgm.	\$ 33,527	\$ 1,794	\$ 35,321	To reclassify worker's compensation as fringe benefit
4. Other Expenses (X) Gen Expense All Prgm.	\$ 218,435	\$ (2,553)		To reclassify worker's compensation as fringe benefit
		\$ (7,314)		To reclassify conference room furniture.
		\$ (6,374)		To reclassify expenses as assets (divider wall and sink installation)
		\$ (14,472)	\$ 187,722	To reclassify administrative expenses
5. COG Expenses (N) Service & Support Admin	\$ 307	\$ 8	\$ 315	
5. COG Expenses (O) Non-Federal Reimbursable	\$ -	\$ 26	\$ 26	To match the audited COG workbook
Worksheet 5				
1. Salaries (L) Community Residential	\$ -	\$ 3,169	\$ 3,169	To reclassify payroll of non 2nd level supervisor - Ike
1. Salaries (O) Non-Federal Reimbursable	\$ -	\$ 4,567	\$ 4,567	To reclassify payroll of non 2nd level supervisor - Gardner
2. Employee Benefits (A) Early Intervention	\$ 24,517	\$ 1,798	\$ 26,315	To reclassify worker's compensation as fringe benefit
4. Other Expenses (A) Early Intervention	\$ 8,724	\$ (1,459)	\$ 7,265	To reclassify worker's compensation as fringe benefit
5. COG Expenses (L) Community Residential	\$ -	\$ 4,273	\$ 4,273	To match the audited COG workbook
5. COG Expenses (O) Non-Federal Reimbursable	\$ -	\$ 4,718	\$ 4,718	To match the audited COG workbook
Worksheet 6				
1. Salaries (I) Medicaid Admin	\$ 357,666	\$ (10,897)	\$ 346,769	Adjust MAC costs to the revised MAC report
1. Salaries (O) Non-Federal Reimbursable	\$ 163,149	\$ (3,918)	\$ 159,231	Adjust MAC costs to the revised MAC report
Worksheet 8				
3. Contract Services (E) Facility-Based Services	\$ 114,555	\$ (114,555)	\$ -	Reclassify transportation costs
3. Contract Services (O) Non-Federal Reimbursable	\$ -	\$ 114,555	\$ 114,555	Reclassify transportation costs
Worksheet 9				
1. Salaries (N) Service & Support Admin. Costs	\$ 505,650	\$ 2,846	\$ 508,496	Adjust MAC costs to the revised MAC report
2. Employee Benefits (N) Service & Support Admin. Costs	\$ 149,901	\$ 9,828	\$ 159,729	To reclassify worker's compensation as fringe benefit
4. Other Expenses (N) Service & Support Admin. Costs	\$ 39,660	\$ (9,484)	\$ 30,176	To reclassify worker's compensation as fringe benefit
Worksheet 10				
3. Contract Services (E) Facility-Based Services	\$ 167,606	\$ (167,606)	\$ -	Reclassify cost due to privatization
3. Contract Services (G) Community Employment	\$ 26,731	\$ (16,237)	\$ 10,494	Reclassify cost due to privatization
4. Other Expenses (O) Non-Federal Reimbursable	\$ -	\$ 167,606		Reclassify cost due to privatization
		\$ 16,237		Reclassify cost due to privatization
		\$ 4,929	\$ 188,772	To reclassify non 2nd level supervisor benefits - Hill

Appendix A (Page 3)
Knox County Board of Developmental Disabilities
2010 Income and Expenditure Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Worksheet a1				
10. Community Employment	\$ -	\$ 10,494	\$ 10,494	To record RSC - Bridges to Transition Funding
Reconciliation to County Auditor Worksheet				
Expense:				
Plus: Fees Paid To COG, Or Payments And Transfers made To COG	\$ 84,466	\$ 692	\$ 85,158	To reclassify MEORC expenses.
Plus: Match Paid for Bridges To Transition Grant	\$ -	\$ 58,453	\$ 58,453	To reclassify Bridges Match Payment
Plus: Purchases Greater Than \$5,000	\$ 169,786	\$ 6,374		To reclassify expenses as assets (divider wall and sink installation)
		\$ 5,711	\$ 181,871	To reclassify expenses (computer equipment) as assets
Medicaid Administration Worksheet				
6. Other Costs (A) Reimbursement Requested Through Calendar Year	\$ -	\$ 17,872	\$ 17,872	To report Ancillary costs
7. Capital Costs (A) Reimbursement Requested Through Calendar Year				
8. Indirect Costs (A) Reimbursement Requested Through Calendar Year				
9. Program Supervision Costs (A) Reimbursement Requested Through Calendar Year				
10. Building Services Costs (A) Reimbursement Requested Through Calendar Year				

Appendix B
Knox County Board of Developmental Disabilities
2011 Income and Expenditure Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule B-1, Section A				
1. Building Services (C) Child	1,022	331	1,353	To correct square footage
21. Service And Support Admin (D) General	1,407	(72)	1,335	To correct square footage
23. Administration (D) General	624	71	695	To correct square footage
25. Non-Reimbursable (C) Child	12,942	180	13,122	To correct square footage
25. Non-Reimbursable (D) General	-	71	71	To correct square footage
Schedule B-1, Section B				
1. Total Individuals Served By Program (A) Facility Based Services	38	(38)	-	To remove statistics
1. Total Individuals Served By Program (C) Supported Emp. - Community Employment	14	(14)	-	To remove statistics
2. Days Of Attendance (A) Facility Based Services	3,877	(3,877)	-	To remove statistics
3. Typical Hours Of Service (A) Facility Based Services	7	(7)	-	To remove statistics
Schedule B-3				
5. Facility Based Services (A) One Way Trips- First Quarter	1,572	(1,572)	-	To remove trips
5. Facility Based Services (C) One Way Trips- Second Quarter	1,777	(1,777)	-	To remove trips
5. Facility Based Services (E) One Way Trips- Third Quarter	1,954	(1,954)	-	To remove trips
5. Facility Based Services (G) One Way Trips- Fourth Quarter	2,088	(2,088)	-	To remove trips
Schedule B-4				
2. Other SSA Allowable Units (D) 4th Quarter	460	3,371	3,831	To correctly report SSA units
3. Home Choice Units (D) 4th Quarter	617	(496)	121	To correctly report SSA units
Worksheet 1				
2. Land Improvements (X) Gen Expense All Prgm.	\$ 15,360	\$ 1,740	\$ 17,100	To agree to updated County Board depreciation ledger.
3. Buildings/Improve (X) Gen Expense All Prgm.	\$ 148,713	\$ (2,385)		To agree to updated County Board depreciation ledger.
		\$ (7,089)	\$ 139,239	To adjust historical cost of joint HVAC project.
4. Fixtures (X) Gen Expense All Prgm.	\$ 6,596	\$ (1,779)	\$ 4,817	To agree to updated County Board depreciation ledger.
5. Movable Equipment (X) Gen Expenses All Prgm.	\$ 3,609	\$ 3,322	\$ 6,931	To agree to updated County Board depreciation ledger.
8. COG Expenses (L) Community Residential	\$ 106	\$ (93)	\$ 13	To match the audited COG workbook
8. COG Expenses (N) Service & Support Admin	\$ 1,146	\$ (844)	\$ 302	To match the audited COG workbook
8. COG Expenses (O) Non-Federal Reimbursable	\$ 108	\$ (81)	\$ 27	To match the audited COG workbook
Worksheet 2				
1. Salaries (X) Gen Expense All Prgm.	\$ 134,233	\$ 20,743	\$ 154,976	To reclassify salaries of non 2nd level supervisor - McKay
2. Employee Benefits (X) Gen Expense All Prgm.	\$ 88,276	\$ 7,826		To reclassify benefits of non 2nd level supervisor - McKay
		\$ 4,281	\$ 100,383	To reclassify worker's compensation as fringe benefit
4. Other Expenses (O) Non-Federal Reimbursable	\$ -	\$ 206	\$ 206	To reclassify a non-federal reimbursable amount.
4. Other Expenses (X) Gen Expense All Prgm.	\$ 78,748	\$ (3,558)		To reclassify worker's compensation as fringe benefit
		\$ 16,509		To reclassify administrative expenses
		\$ (206)	\$ 91,493	To reclassify a non-federal reimbursable amount.

Appendix B (Page 2)
Knox County Board of Developmental Disabilities
2011 Income and Expenditure Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Worksheet 2 (Continued)				
5. COG Expenses (L) Community Residential	\$ 1,241	\$ (723)	\$ 518	To match to the audited COG workbook
5. COG Expense (N) Service & Support Admin	\$ 13,391	\$ (1,484)	\$ 11,907	To match to the audited COG workbook
5. COG Expense (O) Non-Federal Reimbursable	\$ 22,903	\$ (208)	\$ 22,695	To match to the audited COG workbook
10. Unallowable Fees (O) Non-Federal Reimbursable	\$ 311,126	\$ (41,180)	\$ 269,946	To reclassify Bridges Match Payment
Worksheet 2A				
1. Salaries (L) Community Residential	\$ 34,843	\$ 7,464		To reclassify benefit costs deducted from salaries for MAC
		\$ (42,307)	\$ -	To reclassify salaries of non-2nd level supervisors
2. Employee Benefits (L) Community Residential	\$ 32,653	\$ (7,464)		To reclassify benefit costs deducted from salaries for MAC
		\$ (25,189)		To reclassify benefit expenses of non-2nd level supervisors
		\$ 1,235	\$ 1,235	To reclassify worker's compensation as fringe benefit
2. Employee Benefits (N) Service & Support Admin	\$ 26,691	\$ 1,949		To reclassify worker's compensation as fringe benefit
		\$ (9,269)		To reclassify costs; Williams is not 2nd level supervisor
		\$ (7,827)	\$ 11,544	To reclassify payroll costs of non-2nd level supervisor - Hill
4. Other Expenses (L) Community Residential	\$ 4,807	\$ (1,294)	\$ 3,513	To reclassify worker's compensation as fringe benefit
4. Other Expenses (N) Service & Support Admin	\$ 8,002	\$ (1,941)	\$ 6,061	To reclassify worker's compensation as fringe benefit
Worksheet 3				
2. Employee Benefits (X) Gen Expense All Prgm.	\$ 34,505	\$ 1,573	\$ 36,078	To reclassify worker's compensation as fringe benefit
4. Other Expenses (X) Gen Expense All Prgm.	\$ 220,126	\$ (2,264)		To reclassify worker's compensation as fringe benefit
		\$ (16,509)	\$ 201,353	To reclassify administrative expenses
5. COG Expenses (L) Community Residential	\$ 29	\$ (18)	\$ 11	To match to the audited COG workbook
5. COG Expenses (N) Service & Support Admin	\$ 311	\$ (49)	\$ 262	To match to the audited COG workbook
5. COG Expenses (O) Non-Federal Reimbursable	\$ 29	\$ (6)	\$ 23	To match to the audited COG workbook
Worksheet 5				
1. Salaries (L) Community Residential	\$ -	\$ 20,743		To reclassify salaries of non-2nd level supervisor - McKay
		\$ 821	\$ 21,564	To reclassify salaries of non-2nd level supervisor - Ike
2. Employee Benefits (A) Early Intervention	\$ 25,096	\$ 1,531	\$ 26,627	To reclassify worker's compensation as fringe benefit
2. Employee Benefits (L) Community Residential	\$ -	\$ 7,827		To reclassify benefits of non-2nd level supervisor - McKay
		\$ 491		To reclassify benefits of non-2nd level supervisor - Ike
		\$ 9,045	\$ 17,363	To reclassify benefits of non-2nd level supervisor - White
3. Service Contracts (L) Community Residential	\$ 382,942	\$ (28,204)	\$ 354,738	To reclassify correcting entry that overstated expenditures.
4. Other Expenses (A) Early Intervention	\$ 7,719	\$ (1,294)	\$ 6,425	To reclassify worker's compensation as fringe benefit
5. COG Expenses (L) Community Residential	\$ 4,680	\$ (2,340)	\$ 2,340	To match to the audited COG workbook

Appendix B (Page 3)
Knox County Board of Developmental Disabilities
2011 Income and Expenditure Report Adjustments

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Worksheet 8				
3. Contract Services (E) Facility-Based Services	\$ 133,780	\$ (133,780)	\$ -	Reclassify transportation costs due to privatization
3. Contract Services (O) Non-Federal Reimbursable	\$ -	\$ 133,780	\$ 133,780	Reclassify transportation costs due to privatization
Worksheet 9				
1. Salaries (N) Service & Support Admin. Costs	\$ 558,070	\$ 9,269	\$ 567,339	To reclassify payroll of non-2nd level supervisor - Williams
2. Employee Benefits (N) Service & Support Admin. Costs	\$ 143,115	\$ 8,193	\$ 151,308	To reclassify worker's compensation as fringe benefit
4. Other Expenses (N) Service & Support Admin. Costs	\$ 36,504	\$ (8,411)	\$ 28,093	To reclassify worker's compensation as fringe benefit
5. COG Expenses (N) Service & Support Admin. Costs	\$ 50,499	\$ 3,267	\$ 53,766	To match to the audited COG workbook
Worksheet 10				
3. Contract Services (E) Facility-Based Services	\$ 172,401	\$ (172,401)	\$ -	Reclassify cost due to privatization
3. Contract Services (G) Community Employment	\$ 44,279	\$ (6,614)	\$ 37,665	Reclassify cost due to privatization
4. Other Expenses (O) Non-Federal Reimbursable	\$ -	\$ 172,401		Reclassify cost due to privatization
		\$ 6,614		Reclassify cost due to privatization
		\$ 7,827	\$ 186,842	To reclassify salary of non-2nd level supervisor - Hill
Worksheet a1				
10. Community Employment	\$ -	\$ 37,665	\$ 37,665	To record RSC - Bridges to Transition Funding
Reconciliation to County Auditor Worksheet Expense:				
Plus: RSC - Bridges to Transition Grant Match	\$ -	\$ 41,180	\$ 41,180	To reclassify Bridges Match Payment
Plus: Other	\$ -	\$ 28,204	\$ 28,204	To reclassify correcting entry that overstated expenditures.
Medicaid Administration Worksheet				
6. Other Costs (A) Reimbursement Requested Through Calendar Year	\$ -	\$ 16,011	\$ 16,011	To report Ancillary costs
7. Capital Costs (A) Reimbursement Requested Through Calendar Year				
8. Indirect Costs (A) Reimbursement Requested Through Calendar Year				
9. Program Supervision Costs (A) Reimbursement Requested Through Calendar Year				
10. Building Services Costs (A) Reimbursement Requested Through Calendar Year				

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Dave Yost • Auditor of State

KNOX COUNTY BOARD OF DEVELOPMENTAL DISABILITIES

KNOX 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
AUGUST 12, 2014