



Dave Yost • Auditor of State

**QUADCO REHABILITATION CENTER
ADMINISTRATIVE BOARD AND NON-PROFIT OPERATION
WILLIAMS COUNTY**

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Independent Auditor's Report on Applying Agreed-Upon Procedures

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

Dear Ms. Schroeder:

As permitted by Ohio Revised Code § 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 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, 2011 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 the American Institute of Certified Public Accountants' attestation standards. The sufficiency of these procedures is solely the responsibility of DODD. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Revenue Testing

1. DODD requested that we 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 2011 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C, Income Report* of the *County Summary Workbooks*.

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

2. We scanned the COG's General Ledger Detail report to determine if any transfers were recorded on the Cost Report or the *County Summary Workbooks*.

We found no transfers that were reported on the Cost Report or the *County Summary Workbooks*.

¹ The 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: Defiance, Fulton, Henry, and Williams.

Revenue Testing (Continued)

- DODD asked us to obtain the Title XX Units of Service Log for the 2nd quarter and select a sample of five to 10 services to verify with the supporting service documentation and to also verify that these claims were not billed to both TXX and Medicaid for the same date and individual.

We obtained the Title XX Units of Service Log for the 2nd quarter and compared the total number of units with DODD's Title XX Data Export report to ensure total units matched. We then selected six Title XX units and reviewed supporting documentation to ensure it matched each selected claim. We also reviewed services reimbursed through the Medicaid Billing System (MBS) to determine if the County Boards billed for a similar service for the same recipient and date of service.

We found one unit was billed to Title XX when the service documentation indicated the individual was absent. We also found two units that were billed to both Title XX and Medicaid. These two units plus 13 additional units delivered during April 2011 were billed to Medicaid by the Williams County Board of Developmental Disabilities (Williams CBDD) as Adult Day Support and Vocational Habilitation Combination – Daily unit (FXD) and were billed by the COG to Title XX as Supported Employment Services - Small Group (727.01).

Upon DODD's request, we obtained the Title XX Units of Service Log for the 1st, 3rd and 4th quarters and determined if there were additional instances where the Williams CBDD billed a similar service for the same recipient and date to Medicaid that were also billed by the COG to Title XX. We found no additional units billed by the Williams CBDD to Medicaid; however, the COG billed Title XX for 12 units in March 2011 for the same individual who was enrolled on a Medicaid waiver which is not in compliance with the Title XX program eligibility rules as required by DODD's Title XX Certification of Proper Billing (DODD 1014-2) which states, "...to certify that Medicaid is not an optional funding source for the service provided to the individual and that reimbursement is not being provided by other federal sources." As a result, we identified a recoverable finding for the combined 28 units.

Recoverable Finding – 2011 Finding \$1,718.36

Service Code	Units	Review Results	Finding
727.01	1	Units billed to Title XX for an absent day.	\$61.37
727.01	15	Units billed to both Medicaid and Title XX	\$920.55
727.01	12	Units billed to Title XX when other federal sources are available	\$736.44
		Total	\$1,718.36

Trial Balance Analysis and Non-Payroll Expenditures Testing

- DODD asked us to compare the COG's total assets to total liabilities plus equity on the trial balance report.

Although the COG reports on an accrual basis, it operates on a fiscal year end of September 30th and its accounting system software cannot generate trial balance reports; therefore, we were unable to compare assets to liabilities plus equity at the end of calendar year 2011. However, we did compare the COG's total assets to total liabilities plus equity on the Combined Statements of Financial Position which are a part of the audited Combined Financial Statements for the Year Ended September 30, 2010 and Year Ended September 30, 2011.

We found no differences.

Trial Balance Analysis and Non-Payroll Expenditures Testing

2. DODD asked us to compare the COG's disbursements on the trial balance and general ledger reports to *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the 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 could not compare the service contracts, other expenses and COG expenses on *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 disbursements on the COG's 2011 Calendar Year General Ledger Detail report because the COG's reported expenses were based on the accrual basis and included non-cash transactions.

We received a revised 2011 Calendar Year General Ledger Detail report and prepared a Crosswalk by Department Code report to determine actual cash basis non-payroll expenditures by program and allocated costs between the member County Boards and programs using statistics from the 2011 Daily Attendance By Funding Source report, Williams and Defiance Bus Trip reports and Non-DD Consumer Transportation Trip reports. We then used the Crosswalk by Department Code report for the comparison.

We found differences exceeding \$100 as reported in Appendix A.

3. DODD asked us to determine whether the COG's disbursements were properly classified within two percent of 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* and if these worksheets included disbursements over \$100 which are non-federal reimbursable under 2 CFR Appendix B.

We scanned the COG's Calendar Year General Ledger report for service contracts, other expenses and COG expenses on worksheets 2 through 5 of the 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 misclassified costs and non-federal reimbursable costs as reported in Appendix A.

4. We haphazardly selected a sample of 60 non-payroll disbursements from the Calendar Year General Ledger report that were classified as total service contracts, other expenses or COG expenses 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 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 Calendar Year General Ledger report for items purchased during 2011 that met the COG's capitalization criteria and traced them to inclusion on the COG's fixed asset listing.

We found no unrecorded purchases meeting the capitalization criteria.

Payroll Testing

1. DODD asked us to determine if employee salaries on the COG's payroll register and general ledger were properly classified on the Cost Report or the *County Summary Workbooks* within one percent of total payroll costs on the COG's trial balance report.

We received a 2011 Salaries, Job Titles for all Staff report and a 2011 Calendar Year General Ledger Detail report with benefits detail and prepared a revised Salaries, Job Titles for all Staff report by department to determine actual cash basis payroll expenditures by program. We then allocated costs between the member County Boards and programs using statistics from the 2011 Daily Attendance By Funding Source report, Williams and Defiance Bus Trip reports and Non-DD Consumer Transportation Trip reports.

We then compared the salaries and benefits on worksheets 2 through 5 of the Cost Report and worksheets 2 through 10 of the *County Summary Workbooks* to payroll disbursements on the revised Salaries, Job Titles for all Staff report by department.

We found differences exceeding one percent as reported in Appendix A.

2. DODD asked us to compare the total payroll costs on the COG's trial balance report to total payroll costs on the Cost Report and the *County Summary Workbooks* and report variances exceeding one percent of total payroll costs on the COG's trial balance.

The COG could not generate a trial balance report; therefore, we compared total payroll costs per the COG's 2011 Calendar Year General Ledger Detail report to the Cost Report and the *County Summary Workbooks*.

We found variances over one percent. After procedure 1 was performed and corresponding adjustments were made, we re-performed the comparison and found no differences exceeding one percent.

3. We selected a haphazard sample of five employees and compared the COG's organizational chart and revised Salaries, Job Titles for all Staff report by department to the worksheet on the 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 differences; however, these were adjusted under procedure 1.

4. DODD asked that we scan the COG's payroll report for 2011 and compare 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 found differences; however, these were adjusted under procedure 1

Property, Depreciation, and Asset Verification Testing

1. We compared 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 noted the COG's procedures did not include a salvage value as required and did not address the period of acquisition or useful life.

Recommendation:

We recommended the COG revise its capitalization procedure to be in compliance with the requirements of the Cost Report Guide in section *Worksheet 1, Capital Costs* which states in pertinent part, "In order to determine capital costs to be reported on *Worksheet 1* and substantiate that determination, each county mrdd board must establish and maintain an ongoing record or ledger of asset acquisition and placed in service and depreciation calculation. It is essential the asset records be organized by all applicable program categories listed on Schedule A when used in all or more than one program. Further organization within each program should be by category of asset: Land, Land Improvements, Buildings, Building Fixtures and Improvements and Major Movable Equipment. The asset record or ledger must be structured to include asset description, asset number corresponding to the tagged asset, purchase date, useful life, historical cost, salvage value (minimum 10%), current depreciation amount calculated using the straight-line method and accumulated depreciation amount."

2. DODD asked us to compare the COG's depreciation schedule to *Worksheet 1, Capital Costs* of the Cost Report and report any variances exceeding \$100.

The COG did not have a December 31, 2011 Depreciation schedule. Therefore, we combined the COG's End of Year Summary Report for the periods ending September 30, 2011 and September 30, 2012 and created a 2011 depreciation schedule incorporating errors identified in procedure 3 (below). We compared all the depreciation entries on *Worksheet 1, Capital Costs* of the Cost Report to the 2011 depreciation schedule.

We found differences exceeding \$100 as reported in Appendix A.

3. DODD asked us to scan the 2011 Depreciation schedule 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.

The COG did not have a December 31, 2010 or December 31, 2011 Depreciation schedule. However, as noted in procedure 2, we created a 2011 depreciation schedule. We scanned the 2011 depreciation schedule 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 noted assets with depreciation calculated without a salvage value as required by the Cost Report Guides; however, we included salvage value in the 2011 depreciation schedule (see procedure 2).

Property, Depreciation, and Asset Verification Testing (Continued)

4. DODD asked us to compare the COG's final 2010 Depreciation Schedule to the COG's 2011 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.

The COG did not have a December 31, 2010 or December 31, 2011 Depreciation schedule. However, as a part of procedure 2, we compared the COG's End of Year Summary Report for the periods ending September 30, 2010 and 2011.

We noted no differences for assets purchased prior to the period.

5. We haphazardly selected one COG fixed asset which met the COG's capitalization policy and was depreciated in its first year in 2010 to determine if its useful life agreed to the estimated useful life prescribed in the 2008 AHA Asset Guides. We also recomputed the first year's depreciation for the asset, based on its cost, acquisition date and useful life to determine compliance with the Cost Report Guides.

We noted differences due to depreciation calculated without a salvage value as required by the Cost Report Guides; however, these differences were adjusted under procedure 2.

6. We selected the only disposed asset in 2011 from the COG's list of disposed assets and determined if the asset was removed from the COG's fixed asset ledger. We also recalculated depreciation and any gain or loss applicable to 2011 for the disposed items based on its undepreciated basis and any proceeds received from the disposal of the asset to determine compliance with the Cost Report Guide and CMS Publication 15-1, Chapter 1.

We found no differences.

We did not receive a response from officials to the exceptions noted above.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the COG's Cost Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the managements of the COG, DODD, the Ohio Department of Medicaid, the Centers for Medicare and Medicaid Services, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

May 8, 2015

Appendix A
Quadco Rehabilitation Center
2011 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Quadco Rehabilitation Center				
Worksheet 1				
3. Buildings/Improve	\$ -	\$ 54,071	\$ 54,071	To record depreciation
5. Moveable Equipment	\$ -	\$ 34,095	\$ 34,095	To record depreciation
		\$		
Worksheet 2				
1. Salaries	\$ 206,897	\$ 89,376	\$ 296,273	To agree to compiled report
2. Employee Benefits	\$ 109,562	\$ 82,979	\$ 192,541	To agree to compiled report
4. Other Expenses	\$ 61,019	\$ 125,148		To agree to compiled report
		\$ (200)		To reclassify to non-profit costs
		\$ (45)		To reclassify non-federal reimbursable costs
		\$ (89)		To reclassify non-federal reimbursable costs
		\$ (127)		To reclassify non-federal reimbursable costs
		\$ (179)		To remove transfer
		\$ (3,132)		To reclassify non-federal reimbursable costs
		\$ (250)		To reclassify non-federal reimbursable costs
		\$ (175)		To reclassify non-federal reimbursable costs
		\$ (136)		To reclassify non-federal reimbursable costs
		\$ (15)		To reclassify non-federal reimbursable costs
		\$ (62)		To reclassify non-federal reimbursable costs
		\$ (46)		To reclassify non-federal reimbursable costs
		\$ (26,363)	\$ 155,348	To reclassify to non-profit costs
Worksheet 2A				
1. Salaries	\$ 1,184,266	\$ (1,044,185)	\$ 140,081	To agree to compiled report
2. Employee Benefits	\$ 789,565	\$ (767,815)	\$ 21,750	To agree to compiled report
4. Other Expenses	\$ 438,276	\$ (438,276)	\$ -	To agree to compiled report
Worksheet 3				
1. Salaries	\$ 17,988	\$ 35,085	\$ 53,073	To agree to compiled report
2. Employee Benefits	\$ 4,210	\$ 5,310	\$ 9,520	To agree to compiled report
4. Other Expenses	\$ 285,391	\$ (81,153)		To agree to compiled report
		\$ 6,178	\$ 210,416	To reclassify previously allocated costs from county boards to COG
Worksheet 4				
4. Other Expenses (B) Non-Federal Reimbursable	\$ -	\$ 45		To reclassify non-federal reimbursable costs
		\$ 89		To reclassify non-federal reimbursable costs
		\$ 127		To reclassify non-federal reimbursable costs
		\$ 3,132		To reclassify non-federal reimbursable costs
		\$ 250		To reclassify non-federal reimbursable costs
		\$ 175		To reclassify non-federal reimbursable costs
		\$ 136		To reclassify non-federal reimbursable costs
		\$ 15		To reclassify non-federal reimbursable costs
		\$ 62		To reclassify non-federal reimbursable costs
		\$ 46		To reclassify non-federal reimbursable costs
		\$ 1,451		To reclassify non-federal reimbursable costs
		\$ 1,098	\$ 6,626	To reclassify non-federal reimbursable costs
Worksheet 5				
1. Salaries	\$ 257,520	\$ 119,190	\$ 376,710	To agree to compiled report
2. Employee Benefits	\$ 183,333	\$ 22,360	\$ 205,693	To agree to compiled report
4. Other Expenses	\$ 125,504	\$ 7,672		To agree to compiled report
		\$ 200		To reclassify non-profit costs
		\$ 6,108		To reclassify non-profit costs
		\$ 240		To reclassify non-profit costs
		\$ 232		To reclassify non-profit costs
		\$ 391		To reclassify non-profit costs
		\$ 22,982		To reclassify non-profit costs
		\$ 27,317	\$ 190,646	To reclassify non-profit costs

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 Quadco Rehabilitation Center
 2011 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Defiance County				
Schedule C				
II. Department of DD				
A. Family Support Services	\$ 885,802	\$ (885,802)	\$ -	To remove revenue posted in error
V. Other Revenue				
12. Interest	\$ 142	\$ (142)	\$ -	To remove revenue posted in error
13. BVR	\$ 89,982	\$ (89,982)	\$ -	To remove revenue posted in error
14. MH	\$ 65,728	\$ (65,728)	\$ -	To remove revenue posted in error
15. FS	\$ 18,668	\$ (18,668)	\$ -	To remove revenue posted in error
16. Other	\$ 24,663	\$ (24,663)	\$ -	To remove revenue posted in error
17. JFS	\$ 4,199	\$ (4,199)	\$ -	To remove revenue posted in error
Worksheet 7-B				
18. Nursing Services (E) Facility Based Services	\$ -	\$ 10,747	\$ 10,747	To reclassify nursing costs
Worksheet 8				
25. Transportation (E) Facility Based Services	\$ -	\$ 277,182	\$ 277,182	To reclassify transportation costs
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 866,589	\$ (519,281)	\$ 347,308	To correct facility based allocation
Fulton County				
Schedule C				
II. Department of DD				
A. Family Support Services	\$ 351,424	\$ (351,424)	\$ -	To remove revenue posted in error
V. Other Revenue				
12. Interest	\$ 57	\$ (57)	\$ -	To remove revenue posted in error
13. BVR	\$ 36,308	\$ (36,308)	\$ -	To remove revenue posted in error
14. MH	\$ 26,521	\$ (26,521)	\$ -	To remove revenue posted in error
15. FS	\$ 7,533	\$ (7,533)	\$ -	To remove revenue posted in error
16. Other	\$ 9,951	\$ (9,951)	\$ -	To remove revenue posted in error
17. JFS	\$ 1,694	\$ (1,694)	\$ -	To remove revenue posted in error
Worksheet 7-B				
18. Nursing Services (E) Facility Based Services	\$ -	\$ 5,929	\$ 5,929	To reclassify nursing costs
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 478,824	\$ (287,207)	\$ 191,617	To correct facility based allocation
27. Direct Services (G) Community Employment	\$ -	\$ 10,968	\$ 11,361	To reclassify community employment costs
		\$ 393		To reclassify community employment costs
Henry County				
Schedule C				
II. Department of DD				
A. Family Support Services	\$ 209,302	\$ (209,302)	\$ -	To remove revenue posted in error
V. Other Revenue				
12. Interest	\$ 34	\$ (34)	\$ -	To remove revenue posted in error
13. BVR	\$ 21,261	\$ (21,261)	\$ -	To remove revenue posted in error
14. MH	\$ 15,530	\$ (15,530)	\$ -	To remove revenue posted in error
15. FS	\$ 4,411	\$ (4,411)	\$ -	To remove revenue posted in error
16. Other	\$ 5,827	\$ (5,827)	\$ -	To remove revenue posted in error
17. JFS	\$ 992	\$ (992)	\$ -	To remove revenue posted in error
Worksheet 7-B				
18. Nursing Services (E) Facility Based Services	\$ -	\$ 3,784	\$ 3,784	To reclassify nursing costs
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 298,258	\$ (175,983)	\$ 122,275	To correct facility based allocation

Appendix A (Page 3)
 Quadco Rehabilitation Center
 2011 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Williams County				
Schedule C				
II. Department of DD				
A. Family Support Services	\$ 1,474,776	\$ (1,474,776)	\$ -	To remove revenue posted in error
V. Other Revenue				
12. Interest	\$ 238	\$ (238)	\$ -	To remove revenue posted in error
13. BVR	\$ 149,811	\$ (149,811)	\$ -	To remove revenue posted in error
14. MH	\$ 109,430	\$ (109,430)	\$ -	To remove revenue posted in error
15. FS	\$ 31,080	\$ (31,080)	\$ -	To remove revenue posted in error
16. Other	\$ 41,061	\$ (41,061)	\$ -	To remove revenue posted in error
17. JFS	\$ 6,991	\$ (6,991)	\$ -	To remove revenue posted in error
Worksheet 7-B				
18. Nursing Services (E) Facility Based Services	\$ -	\$ 18,189	\$ 18,189	To reclassify nursing costs
Worksheet 8				
25. Transportation (E) Facility Based Services	\$ -	\$ 404,536	\$ 404,536	To reclassify transportation costs
Worksheet 10				
27. Direct Services (E) Facility Based Services	\$ 1,453,504	\$ (865,669)	\$ 587,835	To correct facility based allocation
27. Direct Services (G) Community Employment	\$ -	\$ 8,794	\$ 8,794	To reclassify community employment costs
		\$ 315	\$ 9,109	To reclassify community employment costs

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Dave Yost • Auditor of State

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
JUNE 11, 2015**