

5122-26-191

Appendix A**Actual Uniform Cost Report (AUCR) Agreed Upon Procedures and Report Submission Requirement**

- (A) An independent public accounting (IPA) firm shall use the following procedures when performing an Actual Uniform Cost Report (AUCR) in order to:
- (1) report on the accuracy of the data reported on the AUCR;
 - (2) report on the allocation methods used for actual cost reporting;
 - (3) report on the allowability and unallowability of the cost data reported on the AUCR;
 - (4) determine if the data reported on the AUCR is in accordance with the applicable federal and state resources as stated in rule 5122-26-19 of the Administrative Code, as in effect for the State Fiscal Year (SFY) being reported; and
 - (5) report on the consistency between the first budget uniform cost report (BUCR) and the AUCR.
- (B) Work completed in other areas or during other agreed upon procedures reviews may be used to satisfy these procedures as long as it is documented by the independent audit firm how the work satisfies these procedures. Work completed during a review required by rule 5101:2-47-26.2 of the Ohio Administrative Code may be used for completing the review required by this rule. If reliance is placed upon work completed by an independent audit firm from another engagement, such as an Office of Management and Budget (OMB) circular A-133 audit, a financial statement audit, or other such audit or review, or some other auditor's work, it must be documented in the agreed upon procedures report required by this rule, how the work being relied upon meets the requirements contained in these procedures.
- (C) If it is available, the previous SFY AUCR, AUCR report, and independent financial audit report are to be reviewed to determine if any management comments and/or findings will impact the current actual uniform cost report data.
- (D) Obtain and inspect the program's chart of accounts, including all revenue and expense accounts.
- (E) Obtain and inspect a copy of rule 5122-26-19 of the Administrative Code as in effect for the SFY AUCR being reviewed.

(F) Obtain and inspect the first BUCR and all supporting documentation.

(G) Agreed Upon Procedures

(1) Procedure One – Mathematical Accuracy Testing

(a) Obtain a reconciliation of the total costs reported on the AUCR to the general ledger and/or the independent audited financial statements for the SFY being verified. Compare the amounts listed on the reconciliation to the amounts listed on the general ledger and/or the independent audited financial statements for the SFY being verified. Identify and document any material variances (variances greater than plus or minus two percent) and obtain management’s explanation of the material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.

(b) For and by each service with costs being reported on the AUCR:

- (i) sum the values reported in columns 4, and 5 to verify the result is equal to the value reported in the corresponding column 6;**
- (ii) sum the values reported in columns 6 and 7 to verify the result is equal to the value reported in the corresponding column 8;**
- (iii) verify the value reported in column 9 is equal to the result of dividing the value in column 9 by the value in column 2;**
- (iv) verify the value reported in column 11 is equal to the result of subtracting the value in column 10 from the value in column 8;**
- (v) verify the value reported in column 12 is equal to the result of dividing the value in column 11 by the value in column 2;**
- (vi) verify the values reported in the “Total MH Services” are equal to the sum of the values reported in the corresponding column; and**
- (vii) verify the values reported in the “Agency Total” are equal to the sum of the values reported in the corresponding column.**

(2) Procedure Two – Personnel Costs Verification

(a) Compare the personnel costs reported in column 4 of the AUCR to the salaries, wages, and fringe benefits reported on the independently audited financial statements or Federal Internal Revenue Service Employer Form 941 for the SFY. Identify and document any material variances (variances greater than plus or minus two percent) and obtain management’s explanation of the

material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.

(b) From the personnel costs reported in column 4 of the AUCR, select ten employees whose personnel costs roll-up to those costs. Either for one pay period or on the year end totals, perform the following procedures on the sample by inspecting the following supporting documentation:

- (i) compare the costs for allowability and unallowability as defined in sections (1) and (2) of paragraph (H) of rule 5122-26-19 of the Administrative Code;
- (ii) compare the allocation methods used to determine whether the costs are documented as direct service (column 4a) or support service (column 4b) costs;
- (iii) compare the allocation methods used to determine which service personnel costs have been allocated to;
- (iv) verify any unallowable costs are allocated in the same manner they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR; and
- (v) identify and document any material variances (variances greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.

(3) **Procedure Three – Non-Personnel Costs Verification**

- (a) From the non-personnel costs reported in column 5 of the AUCR, select a haphazard sample (as defined in the American Institute of Certified Public Accountants audit sampling guide), of checks and/or electronic funds transfer (EFT) disbursements, equal to twenty percent or forty checks and/or EFT disbursements, whichever is less. Perform the following procedures on each selected check or EFT disbursement:
- (i) compare the costs the check or EFT disbursement is for to the appropriate allowability or unallowability criteria listed in sections (1) and (2) of paragraph (H) of rule 5122-26-19 of the Administrative Code;
 - (ii) verify the allocation method or methods used for the sampled non-personnel costs have been made in accordance with the procedures outlined in the Appendix to rule 5122-26-19 of the Administrative Code;

- (iii) verify any unallowable costs are allocated in the same manner as they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR; and
 - (iv) identify and document any material variances (variances greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.
- (4) **Procedure Four – Administrative Overhead Costs Verification**
 - (a) From the administrative overhead costs reported in column 7 of the AUCR, select a haphazard sample (as defined in the American Institute of Certified Public Accountants audit sampling guide) of checks and/or electronic funds transfer (EFT) disbursements, equal to ten percent or twenty checks and/or EFT disbursements, whichever is less. Perform the following procedures on each selected check or EFT disbursement:
 - (i) compare the costs the check or EFT disbursement is for to the appropriate allowability or unallowability criteria listed in sections (1) and (2) of paragraph (H) of rule 5122-26-19 of the Administrative Code;
 - (ii) determine if the administrative overhead costs were allocated using only one of the allowable methods described in the Appendix to rule 5122-26-19 of the Administrative Code;
 - (iii) verify that any unallowable costs are allocated in the same manner they were originally allocated and are documented in the appropriate service row of column 10 of the AUCR; and
 - (iv) identify and document any material variances (variances greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.
- (5) **Procedure Five – Units of Service Verification**
 - (a) From and by each service with costs reported on the AUCR, select a haphazard sample (as defined in the American Institute of Certified Public Accountants audit sampling guide) of the reported units of service, equal to twenty percent or forty total units, whichever is less. Perform the following procedures on the selected units:

- (i) verify documentation exists in client records to support the number of units selected ;
 - (ii) compare the type of service selected to determine it is reported in the appropriate service line of column 2; and
 - (iii) identify and document any material variances (variances greater than plus or minus two percent) and obtain management's explanation of the material variance(s) for inclusion in the actual uniform cost report agreed upon procedures (AUP) report.
- (6) Procedure Six – First BUCR to AUCR Comparison
 - (a) Compare the first BUCR to AUCR and verify that the methods of cost reporting selected for the first BUCR are the same as the methods used when completing the AUCR.
- (H) Actual Uniform Cost Report Agreed Upon Procedures Report
 - (1) A written report on the findings of these agreed upon procedures shall be completed by the independent public accounting (IPA) firm for the Ohio Department of Mental Health (ODMH) certified CMH agency to submit to ODMH. The report shall be completed in accordance with the American Institute of Certified Public Accountants Statement on Standards for Attestation Engagements Statement number 11, 12 or its successor, and the work papers shall be completed in accordance with Government Auditing Standards. At a minimum, the report shall include the following:
 - (a) the procedures performed and the findings;
 - (b) a schedule listing the number of variances, if any, per procedure and a list of unallowable costs noted during the agreed upon procedures (AUP);
 - (c) the completed copy of the AUCR, including an original signature; and
 - (d) any other observations and/or comments of note the auditor, using his/her professional judgment, deems relevant.
- (I) The AUCR agreed upon procedures report shall be given to the ODMH certified CMH agency.