



## Ohio Revised Code Section 5124.109 Audits.

Effective: September 29, 2013

Legislation: House Bill 59 - 130th General Assembly

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(A) The department of developmental disabilities may conduct an audit, as defined in rules adopted under section 5124.03 of the Revised Code, of any cost report filed under section 5124.10, 5124.101, or 5124.522 of the Revised Code. The decision whether to conduct an audit and the scope of the audit, which may be a desk or field audit, may be determined based on prior performance of the provider, a risk analysis, or other evidence that gives the department reason to believe that the provider has reported costs improperly. A desk or field audit may be performed annually, but is required whenever a provider does not pass the risk analysis tolerance factors.

(B) Audits shall be conducted by auditors under contract with the department, auditors working for firms under contract with the department, or auditors employed by the department.

The department may establish a contract for the auditing of ICFs/IID by outside firms. Each contract entered into by bidding shall be effective for one to two years.

(C) The department shall notify a provider of the findings of an audit of a cost report by issuing an audit report. The department shall issue the audit report not later than three years after the earlier of the following:

(1) The date the cost report is filed;

(2) The date a desk or field audit of the cost report or a cost report for a subsequent cost reporting period is completed.

(D) The department shall prepare a written summary of any audit disallowance that is made after the effective date of the rate that is based on the cost. Where the provider is pursuing judicial or administrative remedies in good faith regarding the disallowance, the department shall not withhold from the provider's current payments any amounts the department claims to be due from the provider pursuant to section 5124.41 of the Revised Code.



(E)(1) The department shall establish an audit manual and program for field audits conducted under this section. Each auditor conducting a field audit under this section shall follow the audit manual and program, regardless of whether the auditor is under contract with the department, works for a firm under contract with the department, or is employed by the department. The manual and program shall do both of the following:

(a) Require each field audit to be conducted by an auditor to whom all of the following apply:

(i) During the period of the auditor's contract, firm's contract, or auditor's employment with the department, the auditor or firm does not have and is not committed to acquire any direct or indirect financial interest in the ownership, financing, or operation of ICFs/IID in this state.

(ii) The auditor does not audit any provider that has been a client of the auditor or the auditor's firm.

(iii) The auditor is otherwise independent as determined by the standards of independence included in the government auditing standards produced by the United States government accountability office.

(b) Require each auditor conducting a field audit to do all of the following:

(i) Comply with applicable rules prescribed pursuant to Title XIX;

(ii) Consider generally accepted auditing standards prescribed by the American institute of certified public accountants;

(iii) Include a written summary as to whether the costs included in the cost report examined during the audit are allowable and are presented in accordance with state and federal laws and regulations, and whether, in all material respects, allowable costs are documented, reasonable, and related to patient care;

(iv) Complete the audit within the time period specified by the department;



(v) Provide to the provider complete written interpretations that explain in detail the application of all relevant contract provisions, regulations, auditing standards, rate formulae, and departmental policies, with explanations and examples, that are sufficient to permit the provider to calculate with reasonable certainty those costs that are allowable and the rate to which the provider's ICF/IID is entitled.

(2) For the purpose of division (E)(1)(a)(i) of this section, employment of a member of an auditor's family by an ICF/IID that the auditor does not audit does not constitute a direct or indirect financial interest in the ownership, financing, or operation of the ICF/IID.