

Deborah A. Rogner, CPA
P.O. Box 3592
Dublin, Ohio 43016
614-579-8625

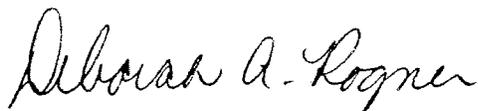
Independent Accountant's Report on Applying Agreed Upon Procedures

To the Management of
ViaQuest Behavioral Health of Ohio, LLC
and Ohio Department of Jobs and Family Services
and Ohio Department of Mental Health

I have performed the procedures enumerated in Attachment A of this report, which were agreed to by ViaQuest Behavioral Health of Ohio, LLC (the Provider) and the Ohio Department of Jobs and Family Services, solely to assist you with respect to the JFS 02911 Single Cost Report for the year ending June 30, 2009. The management of ViaQuest Behavioral Health of Ohio, LLC is responsible for the cost report and compliance with the OAC Rule 5101:2-47-26.2 and OAC Rule 5122-26-19. This agreed upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described in Attachment A of this report for the purpose for which this report has been requested or for any other purpose.

I was not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, items or on the Cost Report. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties and is not intended to be and should not be used by anyone other than these specified parties.



Deborah A. Rogner, CPA
Dublin, Ohio
February 26, 2010

Ohio Department of Job and Family Services

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Agency Name: ViaQuest Behavioral Health Care of Ohio, LLC

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Independent Accountant's Note: The procedures documented throughout Attachment A use the term "audit". The text and format of these procedures were provided by the Ohio Department of Job and Family Services. For clarification, pursuant to standards issued by the American Institute of Certified Public Accountants, I was engaged to conduct agreed upon procedures, which is a significantly different attest engagement than an audit.

GENERAL PLANNING AND ADMINISTRATIVE

	Program Step
1.	<p>Before contacting the agency, examine any pertinent information relevant to the engagement from the prior years' audit information, if available. Document all relevant information in the work papers.</p> <p>Results:</p> <p>See comments at Step #2 below.</p>
2.	<p>Inspect the agency's files including the Permanent file, if any, from prior engagements. Document any information that may effect the current engagement.</p> <p>Results and Findings:</p> <p>This is a continuing engagement for this accountant. The permanent file from the prior year was reviewed.</p>
3.	<p>From prior years' engagement work papers, identify any prior period management comments and/or findings and/or any issues from the summary of non-compliance, and summary S-1. Document how they impact the current period in the working papers. Verify all applicable adjustments were made within the agency's documentation.</p> <p>Results:</p> <p>There was one proposed cost adjustments on the S-1 form from the prior year's agreed upon procedure engagement that would affect this current year, which was an adjustment to depreciation expense. As mentioned in the Fixed Assets section of this program at Step 7b, the proper adjustment was made to the books this year, and is reflected on this year's summary S-1 schedule, in order not to duplicate the expense on the cost report. Other findings reported in the prior year's agreed upon engagement report were reviewed, but were deemed not to affect the cost report amounts in this current year.</p>

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4.	<p>Financial statements – audited or unaudited. Identify and document notes or comments that could effect the present AUP engagement.</p> <p>Results:</p> <p>Audited financial statements for the year ended December 31, 2008 were reviewed. There were no items noted that would affect the amounts reported on the cost report for the year ended June 30, 2009.</p>
5.	<p>Determine the status of any dispute resolutions, rate considerations, management comments, and audit findings.</p> <p>Results:</p> <p>There were no dispute resolutions or rate considerations identified by management. In regards to management comments from the outside audit firm, management appears to be addressing concerns regarding internal control weaknesses. A change in procedures over accounts payable was implemented in April, 2009, in order to alleviate this weakness.</p>
6.	<p>Identify all non-licensing Corrective Action Plans (CAP). Verify the CAP has been implemented. If the CAP has not been implemented, obtain and document the explanation from management in the Agreed Upon Procedures report.</p> <p>Results:</p> <p>There have been two corrective action plans submitted during this fiscal year. The first was submitted November 17, 2008, and approved by the Ohio Department of Job and Family Services on January 12, 2009. The second was submitted April 6, 2009 and approved April 17, 2009. Management has represented that the plan has been implemented.</p>
7.	<p>Inspect the related party listing for the existence of any related parties. From discussions and through your inspection of the documents with the client update the related party list as appropriate.</p> <p>Results:</p> <p>Related parties identified are as follows:</p> <ul style="list-style-type: none">• ViaQuest, Inc.• Habilitation Services• ViaQuest Employee Health Plan <p>See Cash Disbursements Step #4 for an explanation of transactions with these related parties. Also see Attachment B to this report for a complete schedule and description of related party transactions.</p>

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8.	<p>Inspect accreditation and licensure documents from state agencies (i.e., ODMH, ODADAS, COA, JCAHO, and CARF). Obtain a copy of the provider's license(s) in effect during the engagement period.</p> <p>Results:</p> <p>The certificate issued by ODJFS to operate group homes during this engagement period was obtained. The certificate was in effect from July 8, 2008 through December 6, 2009. Also obtained was the certification from the Ohio Department of Mental Health to provide mental health services. The certificate was issued April 20, 2009 and expires June 24, 2011. A copy of each certification is attached to this report per Wrap-Up Step #1.</p> <p>CARF accreditation has also been received for mental health services. The accreditation is valid through April, 2011.</p>
9	<p>Inspect contracts with amendments, if any, and lease agreements, (e.g., buildings, vehicles and equipment, placement contracts excluding foster parents, and etc.). Document in the working papers any information which will effect the current engagement.</p> <p>Results and Findings:</p> <p>All relevant contracts were requested, obtained, and reviewed during the process of this agreed upon procedures engagement. Copies are being retained in these workpapers.</p> <p>In reviewing the lease agreements for the group homes, it was noted that the rent recorded in the general ledger for one of the group homes was less than the annual rent stated in the lease agreement. It was discovered that, for five months, part of the rent had erroneously been charged to a non-Title IV-E group home. The total amount of the rent that was coded to the wrong account was \$3,375. This amount represents costs that did not get carried through to the cost report, and thus, will be carried to Schedule S-1 Proposed Cost Adjustments.</p> <p>No other exceptions noted.</p>
10.	<p>If reliance is to be placed on work completed by the CPA during another engagement with the same entity, (e.g., A-133 audit, financial statement audit, etc.), prior to reducing any work associated with the current AUP, the CPA must assure the previous work is sufficient to satisfy the requirements of the AUP. The AUP working papers must contain documentation of the CPA's explanation as to how the work satisfies the requirements of the AUP.</p> <p>Results:</p> <p>No reliance was placed on work completed by the CPA audit firm during the performance of these agreed upon procedures</p>

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11.	<p>Obtain a chart of accounts including each revenue and expense account. Prepare a schedule listing each account with its description and the location (program, service, category and type) on the cost report.</p> <p>Results:</p> <p>In conjunction with performing the procedures under the Cost Report Reconciliation section of this agreed upon procedure program, a chart of accounts was obtained and used in conjunction with tracing each general ledger account into the schedules used for cost report preparation. A copy of the chart of accounts is maintained in these workpapers.</p> <p>No exceptions noted.</p>
12.	<p>Obtain a copy of the minutes of the agency's board and any major committee minutes for the engagement period. Read all minutes.</p> <p>Results:</p> <p>There is not a board of directors for VBH-OH, as the company is owned 100% by Richard Johnson. As such, there are no board meeting minutes to obtain.</p> <p>No exceptions noted.</p>

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13. Inspect all minutes for entries affecting agency operations for the period under review. Be alert for indications of matters having relevance to the areas listed below, which shall be cross referenced to the appropriate engagement program steps. These include, but are not limited to, the following:

- approval of office facilities
- capital improvements
- purchase service contracts
- additions and deletions of property, plant and equipment
- transfer of monies
- related party transactions
- litigation, claims, and assessments
- subsequent events
- additions to revenue (donations, USDA, grants)
- establishing of new funds and accounts
- budget amendments
- motor vehicle insurance, accident insurance, and liability insurance
- workers' compensation
- new grant agreements
- compensation
- contract/lease agreements
- health coverage - self/insured
- other information deemed significant by the auditor

Document in the working papers all information regarding expenditure and compliance requirements that will effect the current engagement period.

Results:

As noted in Step #12 above, VBH-OH is owned 100% by Richard Johnson, and, as such, there is no board of directors and therefore, no board meetings.

No exceptions noted.

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14.	<p>Obtain a list of board members and an agency table of organization (with credentials, if available) in effect during the engagement period. Obtain a list of all employees related to board members, executive director, and chief officers, and a list of related board members as well as a list of their business transactions with the agency for the year. Document these within the work papers.</p> <p>Results:</p> <p>As described in Steps #12 and #13 above, there is no board of directors for VBH-OH. A table of organization was obtained and is in the workpapers. One employee was identified as being related to the owner, Richard Johnson, during this cost report period. However, this employee is employed by ViaQuest, Inc. and, as such, no expense related to her employment is included in the financial statements of VBH-OH.</p> <p>No exceptions noted.</p>
15.	<p>Where applicable, verify adherence to accrual policies and procedures and inspect for consistency between periods. Document discrepancies and place within the AUP report.</p> <p>Results:</p> <p>Management asserts that there have been no changes in accrual policy and procedures between periods, and the policy has been consistently applied.</p> <p>No exceptions noted.</p>

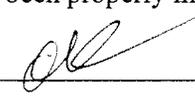
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COST REPORT RECONCILIATION

	Program Step
1.	<p>Obtain and document through a narrative the process used in completing the cost report.</p> <p>Results:</p> <p>I interviewed staff involved in the preparing of the trial balances and schedules used in the cost report preparation process, and documented in memo form an understanding of the process used in completing the cost report.</p> <p>No exceptions noted.</p>
2.	<p>Tie the expenses from the trial balance for the fiscal year to the cost report and general ledger on a 100% basis. Document and explain all variances. Perform additional testing for variances or explain why no additional testing is needed. Identify variances and obtain an explanation from management. Document any explanations provided by management in the report. Place any proposed adjustments on the Schedule S-1.</p> <p>Results and Findings:</p> <p>All expenses for the cost report period were traced from the general ledger to the spreadsheets used to consolidate the Title IV-E group homes together, to get the total costs which were reported on the cost report. The totals on the spreadsheets were then traced to the cost report. One error was noted, which was an account with a balance of \$133 for start-up expenses was missed being carried to the trial balance, and therefore is not included in the cost report. This amount should have been properly included in Direct Consumables. It is carried to Schedule S-1 Proposed Cost Adjustments.</p> 

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CASH DISBURSEMENTS

	Program Step
1.	<p>Obtain and document through a narrative the cash disbursement cycle (Cash disbursements excludes payroll and fringe benefits).</p> <p>Results:</p> <p>I interviewed staff involved in the processing of accounts payable and cash disbursements, and documented in memo form an understanding of the payables and disbursement process.</p> <p>No exceptions noted.</p>
2.	<p>Obtain a schedule identifying the total cash disbursements, and re-compute total amount associated with the breakdown by program and service. Obtain written explanations from management for variances (disregarding variances due to rounding). Document any explanation provided by management and include in the report.</p> <p>Results:</p> <p>In conjunction with performing the cost report reconciliation procedures listed in Step #2 in the above section, I obtained schedules identifying total cash disbursements for the agency as well as the Title IV-E program and the ODMH program, and verified all amounts reported as a Title IV-E or ODMH program expense. See the finding reported in Step #2 in the Cost Report Reconciliation section above and carried to the S-1 Schedule.</p> <p>Exception as noted above.</p>
3.	<p>Obtain from management a description of all methods of allocation.</p> <p>Results:</p> <p>Methods of allocation are documented throughout the various sections of this program, relevant to the type of allocation being done.</p>

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3a.	<p>Document the methods of allocating expenses from the general ledger to the single cost report.</p> <p>Results:</p> <p>Expenses are allocated from the general ledger to the cost report according to the instructions for completing the Residential Services section and the ODMH section of the Single Cost Report., pages 11-16 and pages 26-34, respectively, of the JFS 02911 Instructions. (Rev. 07/2009).</p> <p>No exceptions noted.</p>
3b.	<p>Document the allocation of expenses as reported on the cost report by program and service. Verify the allocation methodology is allowable under OMB Circulars A-87 and/or A-122. Obtain written explanations from management for variances (disregarding variances due to rounding). Document any explanation provided by management and include in the report. <i>(Please note the allocation methodology must be verified on the Administrative Overhead Worksheet).</i></p> <p>Results:</p> <p>All expenses relative to the Title IV-E group homes are allocated to the Title IV-E program. All expenses relative to the ODMH program are charged to the ODMH program. Any expenses of VBH-OH incurred for operation of any Non-Title IV-E group homes or non-mental health services are included in "Other Services" on the cost report, in order to reflect the operations of VBH-OH as a whole. On the Administrative Overhead Worksheet, the administrative overhead amount reported, which is attributable to both the Title IV-E and ODMH programs, is allocated 84.8% to the Title IV-E program and .06% to the ODMH program, with the remainder of 15.14% being allocated to "Other". This allocation methodology is allowable under OMB Circulars A-87 and/or A-122.</p> <p>No exceptions noted.</p>

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4. Inspect the cost report reconciliation. Identify general ledger accounts associated with Title IV-E, ODADAS, and ODMH, including the administrative overhead worksheet (excluding Title IV-E Non-reimbursable-Other, ODADAS and/or ODMH Unallowable expenditures). Scan those accounts for related party transactions. Document the transactions identified. Verify those transactions are in compliance with OAC 5101:2-47-26.1, OMB Circulars A-87 and/or A-122, and the cost report instructions. Place any instances of non-compliance on the Schedule S-1.

Results:

A summary of related party transactions is as follows:

Habilitation Services is a Company owned 100% by Rich Johnson, the 100% owner of VBH-OH. Habilitation Services provides primarily nursing training classes to employees of the group homes. These services are provided at arms-length rates, and the related charges are charged to the appropriate regional offices, and then allocated back to specific group homes using the regional allocation method. The total expenses incurred to Habilitation Services during this cost report period were \$24,488.

The employees' group health insurance is provided by ViaQuest Employee Health Plan, a self-funded group health plan. The administration is provided through a third-party claims administrator. Total expense for the Title IV-E homes for employee insurance during this cost report period was \$94,655. There was no health insurance expense for the ODMH program. This expense is included in Fringe Benefits - Direct on the cost report.

ViaQuest, Inc. is a Company owned 100% by Rich Johnson, the 100% owner of VBH-OH. ViaQuest charges a monthly management fee of 6.5% of each group home's total revenues. This appears to be a consistent and reasonable basis for calculating management fees. Total management fees, which are included in administrative overhead on the cost report, were \$217,788 for this cost report period.

The above transactions appear to be in compliance with OAC 5101:2-47-26.1, OMB Circulars A-87 and/or A-122, and the cost report instructions. There are no instances of noncompliance to report.

No exceptions noted.

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5.	<p>For the expenses reported on the single cost report select 20% or 60 transactions whichever is less for the Title IV-E, ODADAS, and ODMH programs, which includes the administrative worksheet. Ensure the sample selected for each program is in proportion to the reported expenses associated with the Title IV-E, ODADAS, and ODMH programs. Complete steps 8a and 8b for the sample selected.</p> <p>Results:</p> <p>There were 2,280 checks written during the cost report period, thus, selected 60 transactions from the Title IV-E program for testing. The ODMH program expenses consisted of 99.8% payroll-related expenses, thus, no checks for non-payroll disbursements were selected for the ODMH program. VBH-OH does not participate in any ODADAS programs.</p> <p>Results are reported in Step #8 below.</p>
6.	<p>In addition to the sample selected in step 5, select 20% or 20 transactions, whichever is less, of the checks written to cash, petty cash, the agency designee for the petty cash fund, and/or the agency. In addition, select all checks written to the agency, agency director, cash, and/or petty cash for any amount greater than \$1,000. [Note: This does not include payroll checks, but does include travel and reimbursement checks]. For checks replenishing petty cash accounts, all expenditures supporting the replenishment must be examined in steps 8a. and 8b.</p> <p>Results:</p> <p>Twenty Petty Cash disbursements were tested and results are reported in Step #8 below.</p>
7.	<p>Excluding depreciation, select 50% of total dollar amount of non-cash expenditures, (e.g., accrued expenses) reported on the single cost report in the allowable/reimbursable sections of the Title IV-E, ODADAS, and/or ODMH programs which includes the administrative overhead worksheet (excluding Non-reimbursable-Other, ODADAS and/or ODMH Unallowable expenditures). Complete Steps 8a. and 8b.</p> <p>Results:</p> <p>Accrued payroll was tested and results reported in the Payroll section below.</p> <p>Management fees to ViaQuest, Inc. were also tested by recalculating the annual expense. This is considered a non-cash expenditure because a check is not processed each month for this expense; rather, an entry is made to an intercompany payable account to record the expense, and timing and amount of actual payment of the balance in the intercompany payable account is made upon discretion of management.</p> <p>No exceptions were noted.</p>

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8.	Perform the following steps for the sample selected in steps 5, 6 and 7.
8a.	<p>Document the following if applicable:</p> <ul style="list-style-type: none">▪ Check number▪ Check Date▪ Check Amount▪ Transaction Number (non-cash expenditure)▪ Transaction Date (non-cash expenditure)▪ Transaction Amount (non-cash expenditure)▪ Vendor Name (payee)▪ Variance (check/transaction amount vs. supporting documentation amount), if a variance exists, report it on the Schedule S-1 and document the explanation in the AUP report▪ Account Name/Account Number (General Ledger)▪ Expense location by Program, Service, Category, and Type (as defined in the cost report instructions) (ex. IV-E, RES-1, Other Consumables, Direct)▪ Amount of expense by Program and Service (program and service as defined in the cost report instructions)▪ Expenditure Purpose▪ Any Auditor Comments <p>Verify the following information:</p> <ul style="list-style-type: none">▪ The expense is located in the proper program, service, category, and type within the service (as defined in the cost report instructions)▪ The location is in compliance with applicable rules and regulations and the cost report instructions▪ Amount by program, service, category, and type (as defined in the cost report instructions) is in compliance with applicable rules and regulations, OMB Circulars A-87 and/or A-122 and the cost report instructions▪ Expenditure Purpose is in compliance with applicable rules and regulations, the cost report instructions and OMB Circulars A-87 and/or A-122▪ Proper authorization of the expense <p>Results:</p> <p>A sample of 60 regular disbursements and 20 petty cash disbursements were tested for the above attributes. Results are reported under Step #8b below.</p>

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8b.

- Allocation of the expense is in accordance with the methodology verified in step 3-3b and is in accordance with the allowable methodologies of the particular program and service as defined in the cost report instructions and in compliance with OMB Circulars A-87 and/or A-122.
- Compliance with all applicable rules and regulations including, but not limited to, OMB Circulars A-87 and/or A-122, OAC 5101:2-47-26.1, and the single cost report instructions.

Note:

Obtain a written explanation from management on any variance(s) or any potential non-compliance. Document any explanation provided by management.

Types of adequate supporting documentation include: copies of all vehicle and building rental/lease and mortgage agreements, copies of other leases and contracts associated with the expenditures selected, and copies of notes payable associated with expenditures selected.

Please note that for debit card and credit card expenditures, the bank and billing statements are not considered adequate documentation. You should obtain the associated receipt (actual or copy).

Please note that for checks replenishing a petty cash account, all expenditures supporting the replenishment must have the associated receipt(s) as documentation for examination.

Results:

For all the disbursements selected for testing, the following was documented: Voucher number, check number, check date, check amount, invoice amount, vendor, a description of the expenditure, general ledger account number, and general ledger account name. The invoice, voucher (if applicable), and check remittance advice was reviewed, to verify that the expense was properly charged to a Title IV-E home, the check amount agreed with the invoice amount, the expense was in compliance with applicable rules and regulations, the cost report instructions and OMB Circulars A-87 and/or A-122, the payment was properly authorized, and that the expense was charged to the proper general ledger account.

It was also noted that the allocation of the expense is in accordance with the methodology verified in steps 3-3b and is in accordance with the allowable methodologies of the particular program and service as defined in the cost report instructions and in compliance with OMB Circulars A-87 and/or A-122.

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Findings:

Support for one disbursement for a water bill for a group home could not be located. Instead, the city providing water service was contacted and requested to send a copy of the Company's payment history. This history showed a payment received on the proper date with the appropriate check number, however, the payment reflected was \$20 less than the amount charged to the expense account. No explanation could be provided for this difference. The \$20 difference will be carried to the S-1 Schedule of Proposed Cost Adjustments.

Support for two disbursements for repairs & maintenance at a group home could not be located. Instead, the vendor was contacted and requested to send a copy of the invoice. The copy was received and the amount did agree with the expense charged on the books. However, since the original documents could not be located, there was no approval for payment noted. Since the expense did appear to be for a valid expenditure, the amounts are not being carried to the S-1 Schedule of Proposed Cost Adjustments.

Another disbursement for a boiler repair at a group home could not be documented. The total expense of \$216 will be carried to the S-1 Schedule of Proposed Cost Adjustments.

A disbursement for \$155 was reviewed, which was incurred to get a vehicle out of a police impound lot. According to OMB 2 CFR Part 230, costs related to "failure of organization to comply with Federal, state and /or local laws" are unallowable. This cost likely should be considered non-reimbursable, and thus will be carried to the S-1 Schedule of Proposed Cost Adjustments.

In reviewing the petty cash disbursements, one expense appears to have been posted to the wrong account. An allowance paid to a resident of one of the group homes was erroneously charged to Fringe Benefits, but should have been charged to Program Supplies, which, in turn, is included in Direct Consumables on the Cost Report. This misposting will be carried to the S-1 Schedule of Proposed Cost Adjustments.

Of the 20 petty cash disbursements selected for testing, there were ten disbursements that lacked proper authorization from a Program Director on the voucher or invoice. While documentation in the form of a store receipt, restaurant bill, etc. was available to support the expense, there was simply no signature from the supervisor or director to indicate approval. It seems that there are different forms that are being used to submit petty cash receipts to the home office, and some of the forms do not carry a line for supervisory approval. Management was made aware of the missing signatures, but these are not being carried to the S-1 Schedule, as the expenses do appear to be valid and allowable. A recommendation has been made to review the forms being used, and to standardize them so that approval can be properly documented for all petty cash transactions.

Exceptions as noted above.

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9.	<p>Identify USDA revenues. From the detailed general ledger, obtain the total food expense and the total USDA revenue received. Subtract the total USDA revenue figure from the total food expense. Compare the net amount to the food expense listed within the reimbursable section of the single cost report. Verify the Food Expense associated with the USDA Revenue is placed in the appropriate non-reimbursable column(s) on the cost report. List any variance(s) and obtain a written explanation from management on the variance(s) and place on the Schedule S-1. Document any explanation provided by management in the Agreed Upon Procedures report.</p> <p>Results:</p> <p>VBH-OH does not receive any USDA revenues; thus, this procedure is not applicable.</p>
10.	<p>Inspect all other revenues, grants, refunds, and credits. If the direct service expense associated with such funding source(s) is reported on the cost report, the expense must be deducted from the total reimbursable expenses in arriving at allowable costs. Verify that any deducted expenses are reported in the appropriate non-reimbursable category on the cost report ensuring 100% of the costs are reported.</p> <p>Results:</p> <p>Per review of the financial statements and general ledgers, there are no other sources of revenues that should be offset with any direct service expenses.</p> <p>No exceptions noted.</p>

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PAYROLL

	Program Step
1.	<p>Obtain and document through a narrative the payroll processing cycle.</p> <p>Results:</p> <p>I interviewed staff involved in the processing of payroll, and documented in memo form an understanding of the payroll process.</p>
2.	<p>Tie the total wages reported on the cost report to the amounts reported on payroll records from the general ledger. Obtain written explanations from management for variances. Document any explanation provided by management. Select 10 position titles/employees and verify the amounts on the single cost report for personnel expenditures in the Title IV-E, ODADAS, and ODMH programs are reported in accordance with the cost report instructions (i.e., are allowable and are reported in the appropriate line and column). Verify amounts reported to direct/support services are in compliance with all applicable rules and regulations including, but not limited to, OMB Circulars A-87 and/or A-122, and the cost report instructions.</p> <p>Results:</p> <p>In conjunction with procedures outlined in the Cost Report Reconciliation section of this agreed upon procedures program, all wages reported on the cost report for the Title IV-E and ODMH programs were traced from the general ledger to the cost report. In conjunction with the procedures outlined in Steps #5 and #6 of this Payroll section of the agreed upon procedures program, 10 employees were verified as to their job title and it was determined that their positions were allowable in accordance with cost report instructions, and were reported in the appropriate line and column of the cost report. It was also determined that the costs were in compliance with all applicable rules and regulations including, but not limited to, OMB Circulars A-87 and/or A-122, and the cost report instructions.</p> <p>No exceptions noted.</p>
2a.	<p>Tie the total agency payroll expense from the general ledger for the engagement period to the agency's 941s (Employers Quarterly Federal Tax Return). Obtain written explanations from management for variance(s). Document any explanations given in the Agreed Upon Procedures report.</p> <p>Results:</p> <p>A schedule was prepared to reconcile VBH-OH's total payroll for the cost report period from the Form 941s to the wages recorded in the general ledger, taking into consideration beginning and end of year accruals, and pre-tax deductions by employees. No variances or exceptions were noted.</p>

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	No exceptions noted.
2b.	<p>Tie all payroll liability accruals to the payroll register, if applicable. Determine if services were provided during the engagement period. Identify any variance(s) and place on the Schedule S-1.</p> <p>Results:</p> <p>Payroll registers for the payrolls paid in July 2009 for services rendered prior to June 30, 2009 were obtained, and the accruals for each pay period were calculated, and traced to the journal entry used to post the accrual to the general ledger. The journal entry was traced to the general ledger to determine accrued wages were posted properly at June 30, 2009.</p> <p>No exceptions noted.</p>
3.	<p>Obtain a schedule identifying the total personnel salaries and fringe benefits, and re-compute total amount associated with the breakdown by program and service. Obtain written explanations from management for variances (disregarding variance(s) due to rounding). Document any explanation provided by management in the Agreed Upon Procedures report.</p> <p>Result:</p> <p>In performing Step #2 under the Cost Report Reconciliation section of this program, all wage and benefit accounts were traced from the general ledger to the consolidated trial balance used for cost report preparation, and breakdowns were reviewed to determine the amounts were posted to the proper group home, program, and service.</p> <p>No exceptions noted.</p>
4.	<p>Obtain from management a description of all methods of allocation.</p> <p>Results:</p> <p>Personnel costs are charged directly to the group home in which the employees provide services, as documented on timesheets that each employee is required to maintain. For regional office employees, regional personnel costs are allocated to each group home using a percentage of each group home's total revenue for the month to the total monthly revenue for that region. (VBH-OH refers to a region as Northeast Ohio or Central Ohio for the Title IV-E Homes). This method of allocation for regional office employees has been consistent and appears reasonable.</p> <p>No exceptions noted.</p>

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4a.	<p>Document the methods of allocating payroll and fringe benefit expenses from the general ledger to the single cost report.</p> <p>Results:</p> <p>Each specific employee's job description determines to which general ledger account the employee's wages and benefits will be charged. Based on the cost report definitions for each cost report grouping, the general ledger accounts are grouped accordingly in order to be carried to the cost report. Employees charged to the regional office and allocated as described at Step #4 above are charged to the Administrative Overhead cost report category.</p> <p>No exceptions noted.</p>
4b.	<p>Document the allocation of expenses as reported on the cost report by program and service. Verify the allocation methodology is allowable under OMB Circulars A-87 and/or A-122. Obtain written explanations from management for variance(s) (disregarding variances due to rounding). Document any explanation provided by management in the Agreed Upon Procedures report. <i>Please note this includes salaries reported on the Administrative Overhead Worksheet.</i></p> <p>Results:</p> <p>Refer to Results under Step #4 and 4a above for documentation of the allocation process. This allocation process is allowable under OMB Circulars A-87 and/or A-122.</p> <p>No exceptions noted.</p>
5.	<p>Select a pay period during the engagement period and select 50% or ten (10) employees, whichever is less. Ensure the sample selected includes a minimum of two employees from each applicable program (Title IV-E, ODADAS, and ODMH). For the employees selected, document the following data :</p> <ul style="list-style-type: none">• Employee number,• Employee name,• Position title,• Department, cost center or general ledger account charged,• Pay rate,• Regular hours worked,• Overtime hours worked,▪ Gross pay.

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	<p>Results:</p> <p>The pay period from January 18, 2009 to January 31, 2009 was selected for testing. Ten employees in the Title IV-E program were selected, and one employee from the ODMH program. The data listed above was documented. See additional results from testing at Steps 6 through 6c below.</p>
6.	For the employees identified in Step 5, perform the following:
6a.	<p>From the personnel files, trace employee number, pay rate, hire date, termination date, department worked, and job description. If no job description is available, obtain a written job description from management. Verify the information from the personnel file agrees with the data in step 5. Document any variance(s) in the working papers. Propose any adjustments on the Schedule S-1.</p> <p>Results:</p> <p>For the eleven employees selected for testing, their employee number, pay rate, hire date, termination date (if applicable), group home to which assigned, and job description were compared from the payroll register to the Personnel Action Form (PAF) located in the personnel files.</p> <p>No exceptions noted.</p>
6b.	<p>Tie hours worked to supporting documents (e.g., time cards, leave forms, salary schedule, etc.) and job schedules. Identify any variance(s) and place on the Schedule S-1.</p> <p>Results:</p> <p>Results for Steps 6b and 6c are combined in Step 6c below.</p>
6c.	<p>Re-compute gross pay based on supporting documents (e.g., time cards, leave forms, salary schedule, etc.) and the pay rate listed. Identify any variance(s) and place on the Schedule S-1.</p> <p>Results and Findings:</p> <p>For the eleven employees selected for testing, their timesheets were obtained, total hours recalculated, and compared to the hours paid per the payroll registers. In addition, the regular, holiday, and overtime pay was recalculated to determine it agreed with the actual amount paid. There was no exception noted for the employee tested from the ODMH program. There were three exceptions out of the ten employees tested in the Title IV-E program. Exceptions were noted as follows:</p> <p>For the first employee, the actual time worked per the time sheets during this pay period totaled 116.0 hours. The actual time paid, however, per the payroll registers, was 115.50 hours. Per inquiry of the Human Resource Director, an error occurred in entering her time on one day, and the result was that the employee was underpaid one-half hour, which amounts to \$5.42. This will be carried to S-1 Schedule of Proposed Cost Adjustments.</p>

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	<p>The next error noted was for an employee (Employee A) who worked 8 hours on January 18, 2009. Her timesheet was entered correctly into the payroll system. However, another employee (Employee B) worked the same eight hour shift, on the same day, but at a different location (a non-Title IV-E group home), and her time was entered in the payroll system to Employee A. This resulted in Employee A at the Title IV-E group home being overpaid by eight hours, while Employee B was underpaid. The Title IV-E overpayment amount was \$85.20. This will be carried to S-1 Schedule of Proposed Cost Adjustments.</p> <p>The third employee with exceptions had several things that happened in error. First, this employee worked 14.5 hours on January 19, 2009, and his time was entered correctly into the payroll system. However, another employee worked eight hours on this day at the same group home, and this employee's time not only was entered correctly to his own account in the payroll system, but also to the first employee's account as well. This resulted in the first employee being overpaid by eight hours, which amounts to \$85.20. This will be carried to S-1 Schedule of Proposed Cost Adjustments.</p> <p>In addition, this same employee worked six hours on January 21, 2009, which did not get entered into the payroll system. However, he had worked six hours on January 20, 2009, which got entered into the system twice. While the entries were wrong on both these days, the underpayment and overpayment net out, thus these errors will not be carried to S-1 Schedule of Proposed Cost Adjustments.</p> <p>Exceptions as noted above.</p>
6d.	<p>For all employees terminated or 20 terminated employees (whichever is less), scan two months of payroll registers subsequent to the termination. Identify and list payroll activity for terminated employees after the termination date. Obtain written explanations from management for any activity on subsequent payroll registers. Document any explanation provided by management in the Agreed Upon Procedures report</p> <p>Results:</p> <p>Twenty terminated employees were selected for testing. The subsequent two payroll registers were reviewed to determine if any payments were made after termination. The only payments noted that were made after termination to any employees were one payment for a cell phone allowance and one payout of accrued PTO time. All payments were reasonable and appropriately documented.</p> <p>No exceptions noted.</p>
7.	<p>Identify fringe benefits reported for each program and service.</p>
7a.	<p>Document the following items for fringe benefits reported for each program (Title IV-E, ODADAS, and ODMH which includes the administrative overhead worksheet) and service (program and service as defined in the cost report instructions):</p>

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	<ul style="list-style-type: none">▪ Type(s) of fringe benefits▪ Expense Amount(s) by program and service (program and service as defined in the cost report instructions)▪ Account/Name and Number (General Ledger)▪ Any Auditor Comments <p>Results:</p> <p>Full time employees (working in excess of 32 hours per week) are entitled to health, vision, and dental insurance. Any premiums are paid on a pre-tax basis. They may also purchase additional term life insurance. Any life insurance premiums are paid on an after-tax basis. The fringe benefit account is #653400 "Fringe Benefits", which is carried to the Fringe Benefits category on the cost report. No additional comments are deemed necessary. This information is documented in the appropriate workpapers.</p> <p>No exceptions noted.</p>
7b.	<p>Verify the following information for the fringe benefits reported for each program (Title IV-E, ODADAS, and ODMH) and service (program and service as defined in the cost report instructions):</p> <ul style="list-style-type: none">▪ The expense is located in the proper program and service (program and service as defined in the cost report instructions)▪ Amount by program and service (program and service as defined in the cost report instructions) is in compliance with applicable rules and regulations, the cost report instructions, and OMB Circulars A-87 and/or A-122▪ Proper authorization of the expense▪ Allocation of the expense is in accordance with the methodology verified in step 4b and is in accordance with the allowable methodologies of the particular program and service (program and service as defined in the cost report instructions).▪ Compliance with all applicable rules and regulations including, but not limited to, OMB Circulars A-87 and/or A-122, OAC 5101:2-47-26.1, and the single cost report instructions. <p>Results:</p> <p>Fringe benefits appear to be charged to the proper program and service, and the amounts appear to be in compliance with OMB Circulars A-87 and/or A-122. Fringe benefits expenses appear to have proper authorization, and the allocation of fringe benefits is in accordance with the methodology described in Step #4b. It appears VBH-OH is in compliance with all applicable rules and regulations including, but not limited to, OMB Circulars A-87 and/or A-122, OAC 5101:2-47-26.1, and the single cost report instructions.</p> <p>No exceptions noted.</p>

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8.	<p>Identify the agency's policies for returning agency assets (e.g., phones, credit cards, laptops, keys, and pagers, etc.) upon termination. Inquire and identify if the agency has adopted and consistently adhered to these policies.</p> <p>Select two (2) employees terminated during the engagement period. Compare the handling of termination with agency policy and list any variance(s).</p> <p>Note if there is no policy or documentation for the policy in place.</p> <p>Results:</p> <p>In the Human Resources Policies and Procedures Manual, VBH-OH has an exit process which describes the supervisor's responsibility to "collect any company property assigned to the employee, e.g., keys, identification badges, access cards, credit cards, cell phones, pagers, laptop computers, etc." upon an employee's termination. However, there is no mechanism in place for the supervisor to document that these assets were collected. Thus, it was not possible to test a sample of terminated employees for adherence to the policy. A recommendation will be made to management to consider revision of this policy to require documentation of assets collected/returned upon an employee's termination.</p>
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FIXED ASSETS

	Program Step
1.	<p>Obtain and document through a narrative the process for purchasing fixed assets.</p> <p>Results:</p> <p>I interviewed staff involved in the maintenance of fixed asset data, and documented in memo form an understanding of the fixed asset process.</p>
2.	<p>Obtain the fixed asset schedule and scan for additions and retirements during the engagement period.</p> <p>Results:</p> <p>I obtained the fixed asset schedule and scanned for additions and retirements during the cost report period July 1, 2008 through June 30, 2009.</p> <p>See additional results and findings in Steps # 3 through 7 below.</p>

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3. **Additions**

Select 20% or 10 additions, whichever is less, from the list obtained in step 2. Ensure a minimum of two additions from each of the applicable programs (Title IV-E, ODADAS, and ODMH which includes the administrative overhead worksheet) are selected. Identify and document the following for each addition, if applicable:

- Description of asset (include serial #),
- Agency Identification #,
- Invoice date,
- Acquisition date,
- Invoice amount,
- Amount paid,
- Useful life (Verify minimum years used is at least equal to Hospital Rates and Audits),
- Depreciation taken,
- Program, Service and category on the cost report,
- Trace invoice to canceled checks,
- Purpose of the asset,
- Location of the asset.

Note: Straight line depreciation must be used.

Results:

One asset was purchased during this cost report period, which was for the ODMH program. There were no fixed asset additions for any of the Title IV-E group homes. The single asset purchased was selected for testing per the attributes described above.

No exceptions noted .

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4.	<p>Identify and inspect invoices and vouchers for all fixed assets purchased during the engagement period. Ensure the assets are properly reported from acquisition month and that depreciation for these items is accurately calculated for a partial year. In addition verify the depreciation is accurately reflected on the single cost report by program and service. Obtain a written explanation from management for any assets that can not be located. Document any explanation provided by management in the Agreed Upon Procedures report.</p> <p>Results:</p> <p>As mentioned in Step #3 above, there was one purchase of fixed assets during this cost report period. It was traced to applicable purchase documentation, the useful life was reviewed for reasonableness, depreciation expense was recalculated, and the expense was traced to the fixed asset summary, which in turn was traced to the general ledger. The depreciation expense in total was traced to the cost report to determine depreciation expense was appropriately reflected on the cost report.</p> <p>No exceptions noted.</p>
5.	<p>From the fixed asset schedule, select at least 5 additional items. Identify the location of the asset selected and trace the depreciation reported to its location (program/service/category) on the cost report. Obtain a written explanation from management for any assets that can not be located. Document any explanation provided by management in the Agreed Upon Procedures report.</p> <p>Results and Findings:</p> <p>Five additional assets were selected from the fixed asset schedule, the monthly depreciation was recalculated, and the depreciation expense for the cost report period was recalculated, traced to the fixed asset summary, and in turn traced to the general ledger.</p> <p>All of the assets were tested without exception.</p>
6.	<p>Retirements (any asset no longer in use by agency) Select 20% or 10 retirements, whichever is less, from the list obtained in step 2. Ensure a minimum of two retirements from each of the applicable programs (Title IV-E, ODADAS, and ODMH which includes the administrative overhead worksheet) are selected. Verify the correct amount of depreciation was reported on the cost report. Verify the retired fixed assets have been removed from the depreciation schedule.</p> <p>Results:</p> <p>There were no retirements of fixed assets during this cost report period.</p>

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7a.	<p>Obtain a list of all equipment and/or assets that were fully expensed on the cost report in the current period. The list shall include:</p> <ul style="list-style-type: none">•Description of asset (include serial #),•Agency Identification #,•Invoice date,•Acquisition date,•Invoice amount,•Amount paid,•Useful life (Verify minimum years used is at least equal to Hospital Rates and Audits),•The amount included on the cost report,•Program, Service and category on the cost report,•Trace invoice to canceled checks,•Purpose of the asset,•Location of the asset. <p>Results and Findings:</p> <p>There were no assets that were fully expensed on the cost report in this current period.</p>
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7b. Obtain the list created from the previous year and verify the expenses are not included on the current depreciation expense reported on the current cost report. Obtain a written explanation from management for any assets that can not be located. Document any explanation provided by management in the Agreed Upon Procedures report. Discrepancies shall be reported on the Schedule S-1.

Results:

The fixed asset listing from June 30, 2008 was obtained and reviewed. No assets were noted which were fully depreciated or disposed at June 30, 2008 which were also being depreciated on the current cost report.

A calculation was performed to compare the accumulated depreciation balances at June 30, 2008 to June 30, 2009, with the expectation being that the difference would be depreciation expense for the current year. In doing this, a few errors were noted:

As reported in the agreed-upon procedures report for the prior cost report period ended June 30, 2007, there were several assets that were depreciated incorrectly for one of the Title IV-E group homes, which created an understatement of depreciation expense of \$1,354, which had been carried to the previous year's S-1 Schedule of Proposed Cost Adjustments.

In the current year, VBH-OH made an adjustment on the books to reflect this correction, which, in this current year, has created an overstatement of depreciation expense of the same amount. It was necessary to correct the books, in order to correct the accumulated depreciation balance. Thus, this overstatement in the current year, of \$1,354, will be carried to this year's S-1 Schedule of Proposed Cost Adjustments, which will now have the effect of netting out the error on the cost report.

In the process of making the correction described above on the books, an additional unexplained error of \$236 occurred, resulting in overstatement of depreciation expense in the current period of this amount. This amount will be carried to this year's S-1 Schedule of Proposed Cost Adjustments.

There was one asset that should have had ten months of depreciation expense taken this cost report period, in order for it to be fully depreciated. However 11 months of depreciation were taken in error, resulting in an overstatement of depreciation expense of \$317.46, and a negative net book value remaining for this asset. This will be carried to the S-1 Schedule of Proposed Cost Adjustments.

Another asset should have had nine months of depreciation expense taken this cost report period, in order for it to be fully depreciated. However only eight months of depreciation were taken in error, resulting in an understatement of depreciation expense of \$277.85. This will be carried to the S-1 Schedule of Proposed Cost Adjustments.

Exceptions as noted.

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8.	<p>Inspect lease agreements in effect during the engagement period. Verify any leased items are presently in use. Obtain a written explanation from management for any assets that can not be located. Document management's explanation in the Agreed Upon Procedures report.</p> <p>Results: Per inquiry of management, there are no leased fixed assets during this cost report period.</p> <p>No exceptions noted.</p>
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STATISTICS

	Program Step TITLE IV-E
1.	Obtain and document through a narrative the census day cycle. Results: I interviewed staff involved in the gathering of census data and in the billing process, and documented in memo form an understanding of the census and billing process.
2.	Obtain a schedule for the engagement period listing by month the total child care days found on the agency's summary. Trace accumulated days to the total days shown on the Title IV-E Summary Schedule. Identify any variance(s), and document on the Agreed Upon Procedures report. Results: I obtained a schedule summarizing by month, the census days for each facility during this cost report period. The total for the year agrees with the total days carried to the Title IV-E Summary of Services Schedule in the cost report. No exceptions noted.
3.	Randomly select a month and compare the sum of the detail (census days per child) to that of the monthly summary. Identify any variance(s), and document on the Agreed Upon Procedures report. Results: The month of April 2009 was selected for testing. The total of the schedule of detail days, by child, by group home, agreed to the monthly summary. No exceptions noted.

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4.	<p>Using the test month above, select a sample of children to test census days (50% or 10, whichever is less). Pull the child's case records and prepare a schedule noting the child's name, admission and discharge dates, and total days the child was in the provider's care for our test month. Ascertain that the child was properly included in total days by tracing the child to daily census records for the test month. Report any variance(s) on the Schedule S-1.</p> <p><i>Note: Count either the day of admission or the day of departure as a census day not both.</i></p> <p>Results:</p> <p>For the month of May 2008, ten children were selected for testing. Each child's case record was requested and a schedule was prepared noting the group home in which the child resided, any admission or discharge dates, and the number of days the child was served that month. The total census days for each child was compared to the daily census records for this month.</p> <p>No exceptions noted.</p>
5.	<p>Using the case record of the children from step #4, review the ICCA, provider's billings (invoices) for that month, and the foster parent payments (verify compliance with the active license). Compare the census days to the days on the county payments. Compare the billings to the county payments for those children. Compare the ICCA foster parent maintenance payment to the cash disbursement journal. Identify any variance(s) and include in the Agreed Upon Procedures report.</p> <p>Results:</p> <p>For the same sample selected for Step #4, each child's ICCA was reviewed, the billings to the appropriate county for the month of April 2009 were reviewed, the payments were traced to the remittance advice and bank deposit slip, and census days were compared to the number of days paid by the county.</p> <p>No exceptions noted.</p> <p>It should be noted that VBH-OH does not administer a foster parent program, thus, any procedures related to a foster parent program are not applicable.</p>

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6.	<p>For agencies preparing a residential program schedule, determine that the number of total census bed days reported for the program is equal to or less than the total available bed days. Verify that the number of licensed beds is equal to the number of beds used to calculate the total available bed days. Obtain an explanation from management for any variance(s). Document any explanations given in the Agreed Upon Procedures report.</p> <p>Result:</p> <p>Per review of the census summary prepared by VBH-OH, it was noted that two errors had occurred in calculating the number of available bed days. First, the number of beds licensed for some of the group homes had been changed, but the information had not been communicated to the person responsible for preparing the summary. The net effect of the changes was one bed per month.</p> <p>Second, for the month of February, 2009, the person preparing the summary had used 29 days for the month, when there were only 28 days in February in 2009.</p> <p>The total result of these errors was that actual available bed days, as corrected, was 14,965, while the summary schedule had reported available bed days of 15,372. The actual number of bed days was correctly stated at 9,503, which is less than the corrected number of available bed days. The difference in available bed days will not be carried to the S-1 schedule as it does not result in any revision to cost report data or amounts.</p> <p>Exceptions as noted.</p>
	<p>Program Step</p> <p>ODMH</p>
7.	<p>For agencies who report expenses to ODMH, verify the units of service reported are in compliance with their respective cost reporting guidelines contained in OAC rules 5122-26-19 and 5122-26-191.</p> <p>Result:</p> <p>The units of service reported were reviewed, and are in compliance with their respective cost reporting guidelines contained in OAC rules 5122-26-19 and 5122-26-191.</p>
	<p>Program Step</p> <p>ODADAS</p>
8.	<p>For agencies who report expenses to ODADAS, verify the units of service reported are in compliance with their respective cost reporting guidelines contained in OAC rules 3793:2-1-09 and 3793:2-1-10.</p> <p>Result:</p> <p>VBH-OH does not receive funding from ODADAS, thus, this procedure is not applicable.</p>

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WRAP – UP

	Program Step
1.	<p>Attach to the report the following information:</p> <ul style="list-style-type: none">▪ A schedule of proposed cost and statistical adjustments (S-1) with an agency representative's signature▪ A copy of the most recent audited financial statements▪ A summary of non-compliance with applicable rules and regulations▪ A copy of the CPA's management letter from their financial statement audit▪ A signed original, a copy and an electronic copy, (e.g., e-mail, CD, etc.) of the cost report▪ A copy of the related party listing and related party transactions for the cost report period▪ A copy of the provider's representation letter to the CPA firm conducting the Agreed Upon Procedures engagement▪ A copy of any approved waivers requested by the CPA (if applicable)▪ A copy of the ODJFS, ODADAS, ODMH or other state issued and approved provider license in effect during the cost report period. <p>Note: Attach all items listed above. If any of the items listed above are not being included, please document the reason and attach to the report.</p> <p>Items listed above are included in Attachment B to this report, except for the following:</p> <ul style="list-style-type: none">▪ A summary of non-compliance with applicable rules and regulations, as there were no issues of non-compliance noted, outside of any findings reported in this report.▪ A management letter was not received from the audit firm for the December 31, 2008 audit.▪ An electronic copy of the cost report will be sent by management.▪ There were no waivers requested.
2.	<p>All work papers must be cross referenced to all applicable work papers, engagement programs, index, and report.</p> <p>For all written explanations obtained from management, the following information must be included: cross reference to the appropriate engagement program and step, the required criteria (objectives), the conditions found, the effect, if any, on the cost report, and management's explanation. Document any explanations given in the Agreed Upon Procedures report.</p> <p>Results:</p> <p>All workpapers are documented and cross-referenced to the appropriate step in the agreed upon procedure program, and all procedures, results, and conclusions are documented appropriately on the applicable workpaper.</p>

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SFY 2009

Adj. #	Adjustment Amount	Description of Non-Compliance	Audit Program Segment	Workpaper Reference	Programs Affected	Services Affected	CR Column(s) Line(s) Affected	Sum of the Proposed Adjustments
1	133.00	Condition: One account in the general ledger for reimbursable start up expenses was omitted from the trial balance, and therefore, the expense is not reflected in the cost report. Criteria: Instruction G on page 3 of the JFS 02911 Instructions for the Single Cost report state that all costs associated with the provider's operation must be reported on the cost report. Recommendation: Direct Consumables should be increased by \$133.	Cost Report Reconciliation	CR-4	Title IV-E	Residential 1	Consumables - Direct +\$133.00	133.00
2	(1,354.00)	Condition: The documentation for one disbursement tested did not agree with the payment made. The payment was made for a water bill for \$440, but the documentation provided was for \$420. Criteria: OMB 2 CFR Part 230 (formerly OMB Circular A-122), Appendix A, General Principles A (2)(g) states that in order for a cost to be allowable, the cost must be adequately documented. Recommendation: Facilities Expense should be decreased by \$20.	Fixed Assets	FA-1	Title IV-E	Residential 1	Equipment Expense (\$1,354)	(1,221.00)
3	(20.00)	Condition: Documentation for a boiler repair bill could not be found. Criteria: OMB 2 CFR Part 230 (formerly OMB Circular A-122), Appendix A, General Principles A (2)(g) states that in order for a cost to be allowable, the cost must be adequately documented. Recommendation: Facilities Expense should be decreased by \$20.	Cash Disbursements	CD-1	Title IV-E	Residential 1	Facility Expense (\$20)	(1,241.00)
4	(216.00)	Condition: A disbursement was made to get a company vehicle out of the police impound lot. Criteria: OMB 2 CFR Part 230 (formerly OMB Circular A-122), Appendix B, Selected Items of Cost, 16, "Fines and Penalties", states that costs of fines and penalties resulting from violations or failure to comply with local laws and regulations are unallowable. Recommendation: Transportation Expense should be decreased by \$155.	Cash Disbursements	CD-1	Title IV-E	Residential 1	Facility Expense (\$216.00)	(1,457.00)
5	(155.00)	Condition: A disbursement was made to get a company vehicle out of the police impound lot. Criteria: OMB 2 CFR Part 230 (formerly OMB Circular A-122), Appendix B, Selected Items of Cost, 16, "Fines and Penalties", states that costs of fines and penalties resulting from violations or failure to comply with local laws and regulations are unallowable. Recommendation: Transportation Expense should be decreased by \$155.	Cash Disbursements	CD-1	Title IV-E	Residential 1	Transportation Expense (\$155.00)	(1,612.00)

SCHEDULE 5.1 THROUGH 5.10 WITH CITY OF...
SUMMARY OF PROCESSED COST AND STATISTICAL ADJUSTMENTS
SUMMARY OF COST ADJUSTMENTS

SFY 2004

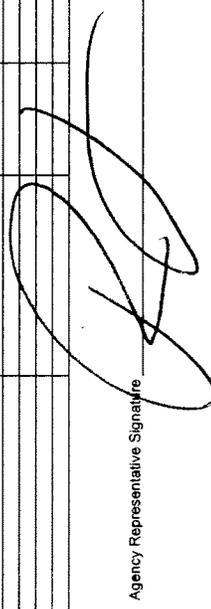
SCHEDULE H-13 REQUEST FOR A FINAL HEALTH CARE OF OIG, LLC

SUMMARY OF PROPOSED COST AND STATISTICAL ADJUSTMENTS

Adj. #	Adjustment Amount	Description of Non-Compliance	Audit Program Segment	Workpaper Reference	Programs Affected	Services Affected	CR Column(s)/Line(s) Affected	Sum of the Proposed Adjustments
6	-	Condition: A petty cash disbursement for consumer allowances of \$16 was reviewed and found to be charged to Fringe Benefits, when it should have been charged to Program Supplies. Criteria: Instructions for completing the Single Cost Report, JFS 02911, pages 15-16 "Residential Services, Fringe Benefits" and "Other Consumables" states that allowances should be charged to Other Consumables. Recommendation: Reclass \$16 out of Fringe Benefits into Other Consumables.	Cash Disbursements	CD-2	Title IV-E	Residential 1	Fringe Benefits (\$16.00); Other Consumables +\$16.00	(1,612.00)
7	(85.20)	Condition: An error occurred in processing an employee's timesheets, and caused an overpayment of \$85.20. Criteria: OMB 2 CFR 230 (formerly OMB Circular A-122) Appendix A, General Principles A (2)(g), states that "to be allowable under Federal awards, costs must be adequately documented". In addition, Instruction 5 "Salary and Wages" in the JFS 02911 Instructions for the Single Cost report states that "Payroll must be supported by time and attendance or equivalent records for individual employees." Recommendation: Habilitation staff expense should be reduced by \$85.20.	Payroll	PR-2	Title IV-E	Residential 1	Habilitation Services (\$85.20)	(1,697.20)
8	(85.20)	Condition: An error occurred in processing one employee's timesheets, and caused an overpayment of \$85.20. Criteria: OMB 2 CFR 230 states that "to be allowable under Federal awards, costs must be adequately documented". In addition, Instruction 5 "Salary and Wages" in the JFS 02911 Instructions for the Single Cost report states that "Payroll must be supported by time and attendance or equivalent records for individual employees." Recommendation: Habilitation staff expense should be reduced by \$85.20.	Payroll	PR-2	Title IV-E	Residential 1	Habilitation Services (\$85.20)	(1,782.40)
9	5.42	Condition: An error occurred in processing an employee's timesheets, and caused an underpayment of \$5.42. Criteria: OMB 2 CFR 230 states that "to be allowable under Federal awards, costs must be adequately documented". In addition, Instruction 5 "Salary and Wages" in the JFS 02911 Instructions for the Single Cost report states that "Payroll must be supported by time and attendance or equivalent records for individual employees." Recommendation: Habilitation staff expense should be increased by \$5.42.	Payroll	PR-2	Title IV-E	Residential 1	Habilitation Services + \$5.42	(1,776.98)
10	(236.00)	Condition: Depreciation appears to be overstated for a group of fixed assets by \$236. Criteria: Instruction (E) 8(H)(3) "Depreciation expense" in the JFS 02911 Instructions for the Single Cost report states that depreciation must be calculated on the straight line basis. Recommendation: Facility Expense on the Residential 1 Schedule should be decreased by \$236.	Fixed Assets	FA-1	Title IV-E	Residential 1	Facility Expense (\$236.00)	(2,012.98)
11	(317.46)	Condition: One extra month of depreciation was taken for an asset that became fully depreciated this year. Criteria: Instruction 8(H)(3) "Depreciation expense" in the JFS 02911 Instructions for the Single Cost report states that depreciation must be calculated on the straight line basis. Recommendation: Facility Expense should be decreased by \$317.46.	Fixed Assets	FA-1	Title IV-E	Residential 1	Facility Expense (\$317.46)	(2,330.44)

SFY 2009

SCHEDULE 51 - YOUNG BROTHERS OF THE ORDER OF O.G. I.O.C. SUMMARY OF PROPOSED COST AND STATISTICAL ADJUSTMENTS									
SUMMARY OF COST ADJUSTMENTS									
Adj. #	Adjustment Amount	Description of Non-Compliance	Audit Program Segment	Workpaper Reference	Programs Affected	Services Affected	CR Column(s)/Line(s) Affected	Sum of the Proposed Adjustments	
12	277.85	Condition: One month of depreciation was missed for an asset that should have become fully depreciated this year. Criteria: Instruction (E) 8(H)(3) "Depreciation expense" in the JFS 02911 Instructions for the Single Cost report states that depreciation must be calculated on the straight line basis. Recommendation: Facility Expense should be increased by \$277.85	Fixed Assets	FA-1	Title IV-E	Residential 1	Facility Expense +\$277.85	(2,052.59)	
13	3,375.00	Condition: Five months' rent expense for one of the group homes was erroneously charged to a non-Title IV-E group home, and therefore, not included in the cost report. Criteria: Instruction G on page 3 of the JFS 02911 Instructions for the Single Cost report state that all costs associated with the provider's operation must be reported on the cost report. Recommendation: Facility expense should be increased by \$3,375.	General, Planning & Administrative	Gen-6	Title IV-E	Residential 1	Facility Expense + \$3.3	1,322.41	
SUMMARY OF STATISTICAL ADJUSTMENTS									
Adj. #	Number of Units Adjusted	Description of Statistical Adjustment(s)	Audit Program Segment	Workpaper Reference	Programs Affected	Services Affected	CR Column(s)/Line(s) Affected	Sum of the Statistical Adjustments	
1	-	none						-	
2	-							-	
3	-							-	
4	-							-	
5	-							-	
6	-							-	
7	-							-	
8	-							-	
9	-							-	
10	-							-	

Agency Representative Signature  Date February 26, 2010