

Frequently Asked Questions on issues related to the Ohio Department of Mental Health Community Audit Program

Ohio Administrative Code (OAC) 5122-26-191:

Q.) 1. What is the purpose of the Uniform Cost Report (UCR), Form DMH-FIS-047 and why does it have to be reviewed by an independent auditor?

A.) 1. The UCR was designed to identify an organization's total cost on the various services that they provided (Not just Mental Health). At the beginning of the State's Fiscal Year, we require each organization to prepare a budgeted UCR. This is especially important for organizations that provide Medicaid services. The department uses the budgeted UCR so we may set their Medicaid billing rates (since currently Medicaid is on a cost reimbursement basis), then at the end of the State's Fiscal Year, we require them to prepare an actual UCR to show their true cost. Through a reconciliation process, it is determined if any overpayments have been made and the amount of payback to be expected. The UCR also ensures that an organization allocates their cost to the proper State Departments (i.e. ODJFS, ODADAS, etc.). The review of the organization's actual UCR is to ensure that figures reported are their actual true costs and if all of the figures were properly allocated to the proper service lines (Medicaid and Non-Medicaid) and charged to the proper departments.

Q.) 2. Our organization is certified only as "Other Mental Health" and only receives local levy dollars from the Board. Are we also required to obtain an agreed-upon procedures review in accordance with OAC 5122-26-191?

A.) 2. OAC 5122-26-191 applies to all organizations that are required to complete an AUCR in accordance with OAC 5122-26-19, Uniform cost reporting. If you are not required to complete an AUCR, as outlined in OAC 5122-26-19 (D), then the agreed-upon procedures review would not apply to your organization.

Q.) 3. Since OAC 5122-26-191 requires my organization to receive an annual review of my AUCR, can I change my reporting period to coincide with our annual financial statement audit (calendar year) so we don't have to have a second audit engagement?

A.) 3. No, all information reported on the UCRs (both the budgeted and actual) must be based on the State's Fiscal Year (July 1st – June 30th). However, if possible, your organization can change its financial statement audit cycle to coincide with the UCR reporting period.

Q.) 4. Our organization is already required to obtain an agreed-upon procedures cost report audit for the Ohio Department of Jobs and Family Services (ODJFS) in our Title IV-E program. Do we have to engage another audit to satisfy ODMH's requirements?

A.) 4. No, in OAC 5122-26-191 (D), it specifies that if your organization is required to obtain a cost report review for the ODJFS Title IV-E program, then ODMH will accept that report in lieu of our agreed upon procedures.

Q.) 5. Our organization receives funding from both ODMH and ODADAS and both State Departments have their own agreed-upon procedures dealing with our AUCRs. Are we suppose to obtain two separate audits?

A.) 5. No, during your audit engagement meeting with your auditor(s), you should inform them that you want a joint review because both ODMH and ODADAS' agreed-upon procedures are very similar. In OAC 5122-26-191 (Appendix A) (B) states that any work performed by an independent auditor can be utilized to satisfy any procedures outlined in this rule. This means that if your organization is required to obtain a similar review from any other funding sources, the work performed from that review may be used to satisfy ODMH's requirements as long as it meets the criteria set forth in OAC 5122-26-191.

Q.) 6. Our organization undergoes an A-133 audit annually; don't the auditors look at our AUCR during that audit? If so, are we exempt from OAC 5122-26-191?

A.) 6. No, your organization is not exempt from the requirements set forth in the OAC because the UCRs were developed at the State level (not Federal) and ODMH has specific instructions on how to prepare them. However, when your auditor(s) perform certain test-checks during your OMB Circular A-133 audit, some of these procedures are similar to the agreed-upon procedures defined in OAC 5122-26-191. This means that the auditor(s) can use the test results from the A-133 and satisfy the requirements in OAC 5122-26-191 and issue an agreed-upon procedures report along with the standard OMB Circular A-133 audit report.

Please note that this method will only work for organizations where their financial statements audit cycle coincides with their UCR reporting period. If the two periods do not match, then it may be two separate engagements.

Q.) 7. What type of impact does the Agreed-Upon Procedures described in OAC 5122-26-191 have against the ODMH Financial and Compliance Audit Guidelines?

A.) 7. ODMH is currently in the process of updating the Financial and Compliance Audit Guidelines for Community Mental Health Programs and Agencies receiving State and Federal Funding, last updated in 2000. Should you notice any conflicts/duplications (i.e. sections 3.2 and 4.2 from the guidelines), the auditor should perform the procedures described in the OAC as they supersede our guidelines.

Q.) 8. Does the audit firm need to issue two separate audit reports (one for the Agreed Upon Procedures (AUP) review as required in OAC 5122-26-191 and one for a Type I AUP review as described in the ODMH Financial and Compliance Audit Guidelines)?

A.) 8. For organizations that operate on an audit cycle the same as the State (July 1st - June 30th), the two AUP reports can be merged and the audit firm could release a consolidated report. For ODMH purposes, it makes no difference if we receive two reports or one report because we only care about the content. As long as it contains the same information, it makes no difference to us. For organizations that do not operate on the same audit cycle as the State (i.e. - on a calendar year or federal fiscal year), then it would be two different reports because the AUCR report is reporting from a time frame of July 1st - June 30th and the other report would be reporting on a different period.

Q.) 9. If there are budget revisions that are made during the year, which version is the auditor(s) supposed to use to perform the Agreed-Upon Procedures (AUP) review?

A.) 9. Procedure G (6) from the appendix of OAC 5122-26-191 was designed to test an organization's mathematical consistency as to how they prepared both UCRs. As explained in Q&A No. 1, there's a reconciliation process done at the end of the State's Fiscal Year. Both the BUCR and the AUCR must be completed utilizing the same methodology, otherwise, during the reconciliation process, we would not be comparing Apple-to-Apple. This procedure was designed to detect if someone was trying to change their methods of how they prepared their AUCR in order to increase their Rate for a particular service line to avoid a payback situation. All budget revisions made throughout the year must utilize the same methodology as how they prepared their First BUCR.

Q.) 10. Agreed-Upon Procedures G (2)(a) states that column 4 of the AUCR should be compared to the audited financial statements or IRS Form 941; however, our client operates on a different audit cycle than the reporting period on their UCR and the information reported is in the accrual basis as pose to the cash basis reported on Form 941 (not to mention that contract services payroll is not reported on Form 941). How should the auditors proceed with the review in this situation?

A.) 10. If you find yourself in this situation, ODMH is asking the auditors to compare what was reported in column 4 against the organization's June 30 Trial Balance and/or their General Ledger Balances that relates to their regular and contract services payroll cost as instructed in Ohio Administrative Code 5122-26-19 Appendix III B. 3.

Q.) 11. Our organization has multiple UPIs and we submit a separate AUCR for each one of our sites. How do we go about getting our AUCRs reviewed?

A.) 11. Your organization has two options if you prepare multiple AUCRs. The first option is to have each one reviewed by UPI site or the second option is to consolidate your cost from all of your UPI sites and create a consolidated AUCR for auditing purposes only. Please note that if an organization does create a consolidated AUCR, then column 12 of the consolidated AUCR (Allowable Cost/Unit) will have no relevance because the rate ODMH will focus on is based on the individual UPI's AUCR. Your organization will however need to supply your auditor(s) proper supporting documentation (each UPI's UCRs [both budgeted and actual]) so they may determine if the figures reported are accurate.

Ohio Administrative Code (OAC) 5122:1-5-01:

Q.) 12. Our organization does not operate on the same cycle as the State's Fiscal Year. How do the due dates affect us on our financial audits as required in OAC 5122:1-5-01?

A.) 12. This will depend on what type of audit your organization is required to obtain and what audit cycle you operate on. For example:

If you operate on a Calendar Year audit cycle (January 1st – December 31st):

And you were required to undergo an OMB Circular A-133 audit, Federal law requires that you submit your audit packet to the pass-through entity within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period. In this scenario, you must submit your audit packet to ODMH no later than September 30th.

If you were not required to undergo an OMB Circular A-133 audit, then you must submit your most up-to-date completed audit packet (December 31st of the previous year) no later than 180 days after June 30th (of the current year).

If you operate on a Federal Fiscal Year audit cycle (October 1st – September 30th):

And you were required to undergo an OMB Circular A-133 audit, Federal law requires that you submit your audit packet to the pass-through entity within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period. In this scenario, you must submit your audit packet to ODMH no later than June 30th (of the following year).

If you were not required to undergo an OMB Circular A-133 audit, then you must submit your most up-to-date completed audit packet no later than 180 days after June 30th.

If you operate on a State Fiscal Year audit cycle (July 1st – June 30th):

And you were required to undergo an OMB Circular A-133 audit, Federal law requires that you submit your audit packet to the pass-through entity within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period. In this scenario, you must submit your audit packet to ODMH no later than March 31st.

If you were not required to undergo an OMB Circular A-133 audit, then you must submit your most up-to-date completed audit packet no later than 180 days after June 30th.

To summarize the above examples, if your organization is required to obtain an audit on behalf of the Federal Government, you are subject to their due dates. If your organization is required to obtain an audit to satisfy ODMH's requirements, then you need to submit your financial audit packet (the most current audit that was completed for the year) no later than 180 days after the end of a State's Fiscal Year.

Please note that the due date for the AUCR agreed-upon procedures report may differ from your financial statements audit packet because all AUCRs report from July 1st – June 30th as pose to your financial statements, it varies based on your organization. The due date for the AUCR and the agreed-upon procedures report is December 27th (180 days after the end of a State's Fiscal Year). Please refer to OAC 5122-26-191.

Q.) 13. There are conflicting due dates between OMB Circular A-133 vs. Ohio Administrative Code 5122:1-5-01; how do I know when my due dates are?

A.) 13. The due dates are addressed in the Q&A No. 12.

Q.) 14. The provider agencies used to submit their audit packet to their respective Mental Health Board, and then the Board forwards it to ODMH. Has this procedure changed?

A.) 14. Yes, to comply with OAC 5122:1-5-01, all organizations certified by ODMH must submit their audit packet directly to us along with a copy forwarded to their respective Mental Health Board effective State Fiscal Year 2006.

Q.) 15. Where do I submit my Corrective Action Plan (CAP) if our organization receives audit findings?

A.) 15. The CAP is part of the audit packet and should be submitted within 30 days after the organization receives the audit finding(s) released by their independent auditor(s). Ideally, the CAP should be submitted along with the other documents within your audit packet. The audit packet consists of audited financial statements, the audit report, management letters, and CAP (if applicable). You are also responsible to forward a copy of your audit packet to your respective Mental Health Board.

Q.) 16. Where do I send my audit packet?

A.) 16. All audit packets (including the AUCR agreed-upon procedures as outlined in OAC 5122-26-191) should be sent to the following address:

Ohio Department of Mental Health
ATTN: Chiwayi Lin
Office of Fiscal Administration
30 East Broad Street, 11th Floor
Columbus, Ohio 43215-3430

Q.) 17. Since the provider agencies will now send their audit packet directly to ODMH, does the Board still have to submit the “Mental Health Provider Agency Compliance Audit Review Summary” sheet?

A.) 17. The Board will no longer be required to send in the above mentioned summary sheet.