

**STATE OF OHIO**

**DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES**

**OFFICE OF FINANCIAL MANAGEMENT**

**REPORT OF SUBRECIPIENT MONITORING ONSITE VISIT**

**OF THE**

**TRI-COUNTY BOARD OF RECOVERY & MENTAL HEALTH SERVICES**

**FOR THE PERIOD:**

**JULY 1, 2015 THROUGH JUNE 30, 2016**

**Form MHAS-FIS-040 (07/01/14 – 06/30/15)**

**Schedule of Expenditures of Federal Awards (01/01/14 – 12/31/14)**

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## Promoting wellness and recovery

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Tri-County Board of Recovery & Mental Health Services  
1100 Wayne Street  
Troy, Ohio 45373

Review Period: State Fiscal Year 2016 (07/01/15 – 06/30/16)  
BLR – State Fiscal Year 2015 (07/01/14 – 06/30/15)  
SEFA – State Fiscal Year 2014 (01/01/14 – 12/31/14)

To the Members of the Board:

As a pass-through entity of federal awards, the Ohio Department of Mental Health and Addiction Services (Ohio MHAS) is required to perform subrecipient monitoring as described in 2 CFR, Part §200, Subpart D, which supersedes the provisions of OMB Circular A-133 §.400(d). As a State Department allocating state resources, Ohio MHAS is required by Ohio Revised Code Chapter 5119 to monitor activities conducted by a Board involved in local Alcohol, Drug Addiction, and Mental Health services/programs. Ohio MHAS must ensure that federal awards and/or state funding are used for authorized purposes and in compliance with laws, regulations, and the provisions of contracts or agreements.

The management of the Board is responsible for establishing and maintaining effective internal controls to ensure compliance with laws, regulations, contracts and agreements applicable to federal, state, and local programs. In planning and performing our review, we considered the Board's internal controls over compliance with requirements that could have a direct and material effect on federal and state funding. Our review consisted of examining, on a selected basis; evidence supporting the activities during our review periods. Based on the foregoing, our objectives for the visit were as follows:

1. Determine the relationship between the number of accounts held by their fiscal agent and those funds are reconciled to their internal accounting records.
2. Verify the Subrecipient has received the amount of funds provided by Ohio MHAS.
3. Determine if Subrecipient maintains fund accounting to account for pass-through dollars provided from Ohio MHAS.
4. Validate the amount of unexpended funds and the proper handling of those funds.
5. Determine if funds provided by Ohio MHAS were used in accordance with laws, rules, contract agreements, and regulations. Determine funds provided by Ohio MHAS only contain allowable charges.

6. Verify and determine data reported on the Schedule of Expenditures of Federal Awards (SEFA) are within 5% per Catalog of Federal Domestic Assistance (CFDA) funding source from the Subrecipient's internal accounting records.
7. Verify and determine data reported on the Board Level Report are within 5% (or \$5,000) per funding source (error rate) from the Subrecipient's internal accounting records.
8. Verify the Board has satisfied their requirement mandated under the Ohio Revised Code in preparing and submitting their Annual Report.
9. Verify if our Subrecipient (i.e. – Board) has fulfill their obligations required in OMB Circular A-133 §.400(d) in monitoring their Subrecipients (i.e. – Provider Agency).
10. Determine if the Subrecipient has satisfied the requirements mandated in the Mental Health and Substance Abuse Prevention and Treatment (SAPT) Block Grant Assurances.


Based on our review and procedures executed, except for the effects of the matter described in the preceding paragraph, we have determined the following at your organization:

Objectives Satisfied	10	100%
Objectives Not Satisfied *	0	0%
Objectives Reviewed	10	100%

Questioned Costs

<b>\$0.00</b>
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The details of the objectives reviewed and questioned costs discovered, if any, are detailed in our supplemental report that was provided to your management team. Within that report, it will also identify if a Corrective Action Plan is required along with other information the Department utilizes to monitor funds passed down to your organization.



Chiwayi Lin, Manager of  
Community Monitoring Program  
Ohio Department of Mental Health  
& Addiction Services

February 8, 2017

## **Ohio MHAS Supplemental Report (Section II):**

Tri-County Board of Recovery & Mental Health Services  
1100 Wayne Street  
Troy, Ohio 45373

Review Period: State Fiscal Year 2016 (07/01/15 – 06/30/16)  
BLR – State Fiscal Year 2015 (07/01/14 – 06/30/15)  
SEFA – State Fiscal Year 2014 (01/01/14 – 12/31/14)

The purpose of the supplemental report is to provide detailed information regarding how the Department monitored our Subrecipients. In this report you will find the various techniques we utilize to monitor your organization.

## **Objectives Reviewed and were Satisfied (No CAP Required):**

### **Objective #1:**

Determine the relationship between the number of accounts held by their fiscal agent and those funds are reconciled to their internal accounting records.

### **Review Techniques and Results from our Testing:**

We inquired with Board's management as to the relationship they have with the Miami County Auditor, their fiscal agent. We confirmed the Board has one Cash/Fund Account with their fiscal agent as of 06/30/2016. We obtained a copy of the Board's reconciliation process. At the end of each month, the Chief Fiscal Officer receives a cash account statement from the county with the ending balances. The Board reconciles their records by comparing against those ending balances provided by their fiscal agent to ensure all records are in balance. The Board has properly reconciled their cash accounts on deposit with their fiscal agent to their internal accounting records.

### **Objective #2:**

Verify the Subrecipient has received the amount of funds provided by Ohio MHAS.

### **Review Techniques and Results from our Testing:**

We obtained from OAKS all disbursements made to the Board from Ohio MHAS. We separated the various funding streams by its ALI and/or program and identified Federal pass-through dollars vs. State dollars. We then compared those funding streams against the Board's internal accounting records. We were able to trace our disbursement transactions against the Board and their fiscal agent's receipt activities involving our funding streams that Ohio MHAS passed-through this Board.

**Objective #3:**

Determine if Subrecipient maintains fund accounting to account for pass-through dollars provided from Ohio MHAS.

**Review Techniques and Results from our Testing:**

We obtained from OAKS all disbursements made to the Board from Ohio MHAS. We separated the various funding streams by its ALI and/or program and identified Federal pass-through dollars vs. State dollars. We then compared those funding streams against the Board's internal accounting records. The Board utilized MACSIS and Excel Spreadsheets to post their financial transactions during our review. The Board has set up a chart of accounts structure to account for different funding streams to assist them to identify revenue and expenditures affecting their cash/fund account established with their fiscal agent. The Board utilizes the Pool of Funds Concept whereas, the cash from different funding streams are deposited within a single fund at their fiscal agent (i.e. – Federal, State, and Local money are deposited into the same fund account). Though the use of their chart of accounts is how we can identify specific funding streams and tie it back to their cash on deposit with their fiscal agent.

Each fiscal year, the Board forecasts and identifies the amount of funds they will receive through Federal, State, and Local resources. They budget and contract with private provider agencies for Mental Health and Addiction services based on an agreed amount. The Board then ensures the financial activities (i.e. – invoices being paid) are in line with the agency's total budget to be able to identify activities affecting their cash account when they charge a particular funding source. The Board utilizes Excel Spreadsheets to identify what Ohio MHAS funding streams to charge. We were able to identify the activities involving our funding streams that Ohio MHAS passed-through this Board.

**Objective #4:**

Validate the amount of unexpended funds and the proper handling of those funds.

**Review Techniques and Results from our Testing:**

We obtained from OAKS all disbursements made to the Board from Ohio MHAS for SFY 2016. We separated the various funding streams by its ALI and/or program and identified Federal pass-through dollars vs. State dollars. We then compared those funding streams against the Board's internal accounting records to determine if all funds have been expended or earmarked for payables incurred during SFY 2016 that will be paid in SFY 2017. We confirmed that the Board has not fully expended ALI #336618 (SAPT Block Grant). The unspent amount is \$660. The Board originally reported on their annual questionnaire that they did anticipate unspent funds from SFY 2016. The Board has followed Ohio MHAS' process of handling unexpended funds to be carried forward for future allowable expenses in SFY 2017. We will continue to monitor the resolution of these funds.

**Objective #5:**

Determine if funds provided by Ohio MHAS were used in accordance with laws, rules, contract agreements, and regulations. Confirm funds provided by Ohio MHAS only contain allowable charges.

**Review Techniques and Results from our Testing:**

From the Ohio Administrative Knowledge System (OAKS), we obtained all disbursements Ohio MHAS made to this Board and we separated the various funding streams by Appropriation Line Item (ALI) and/or programs to identify Federal pass-through dollars vs. State dollars. We reviewed the Board's internal accounting records and contract languages with their provider agencies. We were able to obtain within reason how the funds were spent. The Federal Awards and State dollars passed through Ohio MHAS to this Board during SFY 2016 totaled \$2,800,548.

The Board contracts with private provider agencies to provide Mental Health and Addiction services to citizens of Darke, Miami and Shelby Counties. We reconciled the Federal Awards and State funds and confirmed that the Board utilized the funds passed through Ohio MHAS as follows:

	<b>Allowable Charges</b>	<b>Unallowable Charges</b>	<b>Unexpended Funds *</b>	<b>Total</b>
Federal	\$ 766,527	-	\$ 660	\$ 767,187
State	2,033,361	-		2,033,361
Total	<u>\$ 2,799,948</u>	-	<u>\$ 600</u>	<u>\$ 2,800,548</u>

\* - Unexpended funds of \$660 are detailed in Objective #4.

We reviewed the contract agreements between the Board and the provider agencies to obtain an understanding of the actual services being contracted that is funded with Federal Awards and/or State funds passed through Ohio MHAS. We selected 30 test sample expenditures to verify supporting documentation of expenses being paid. Based on our review procedures, the use of public funds was in accordance with laws, rules, contract agreements, and regulations. All contracted services funded with Federal Awards and/or State funds were found to contain allowable charges.

**Objective #6:**

Verify and determine data reported on the Schedule of Expenditures of Federal Awards (SEFA) are within 5% per Catalog of Federal Domestic Assistance (CFDA) funding source from the Subrecipient's internal accounting records.

**Review Techniques and Results from our Testing:**

From OAKS, we obtained all disbursements Ohio MHAS made to this Board and separated the various funding streams by ALI and/or programs to identify Federal pass-through dollars. We compared the Departments' disbursement records vs. what was reported on the Board's SEFA for the reporting period January 1, 2014 through December 31, 2014 (current audit report on file with Ohio MHAS during our review period). Any variances in excess of the 5% threshold from the Departments' disbursements per CFDA funding source compared to the Board's expenditures reported on their SEFA are reconciled against the Board's internal accounting records. We discovered the following:

Ohio MHAS Federal Awards:

CFDA	Program Name	MHAS Funding CY 2014	Reported in SEFA CY 2014	(\$) Difference	(%) Difference
#93.959	SAPT Block Grant	\$624,291	\$528,169	\$ 96,122	15.4%

As we reconciled the variance in reported expenditures on the SEFA against the Board's internal accounting records, we have determined the difference is due to the timing from the audit cut-off of 12/31/14 differing from the timing of the Board's monthly accrual cut-off procedures for A/P and A/R.

The reported expenditures within the CY 2014 SEFA does properly reflect the Board's G/L.

**Objective #7:**

Verify and determine data reported on the Board Level Report are within 5% (or \$5,000) per funding source (error rate) from the subrecipient's internal accounting records.

**Review Techniques and Results from our Testing:**

From OAKS, we obtained disbursements made to this Board and matched it against what was reported in the Board Level Report (BLR, a.k.a. – 040 Reports) for SFY 2015 (most recent report reviewed and on file with Ohio MHAS). During our review, we compared the Board's BLR to the Departments' disbursement records and to the Board's General Ledger (G/L).

The BLR accurately reflects the Board's internal accounting records within an acceptable margin of less than 5% error rate.



**Objective #8:**

Verify the Board has satisfied their requirement mandated under the Ohio Revised Code in preparing and submitting their Annual Report.

**Review Techniques and Results from our Testing:**

The Board has complied and published an Annual Report for fiscal year 2015, that meets the standards as required in ORC 340.03 (A)(10).

**Objective #9:**

Verify if our Subrecipient (i.e. – Board) has fulfilled their obligations required in 2 CFR, Part 200, Subpart D, which supersedes the provisions of OMB Circular A-133 §.400(d) in monitoring their Subrecipients (i.e. – Provider Agency).

**Review Techniques and Results from our Testing:**

From the review of Board records, we identified the Provider Agencies that they contracted with during SFY 2016. We confirmed that the Board contracted with eleven Provider Agencies, of which five agencies received Federal funding passed-through from Ohio MHAS. We then inquired with Board's management as to the relationship they have established to determine if they need to perform subrecipient monitoring as mandated by 2 CFR, Part 200, Subpart D. All five of the Provider Agencies that the Board provided Federal Awards were designated as Subrecipient per 2 CFR, Part 200, Subpart D §200.330, which supersedes the provisions of OMB Circular A-133 §.210. In our monitoring efforts, we believe the Board is actively managing their responsibilities.

**Objective #10:**

Determine if the subrecipient has satisfied the requirements mandated in the Mental Health and Substance Abuse Prevention and Treatment (SAPT) Block Grant Assurances.

**Review Techniques and Results from our Testing:**

We reviewed the "Agreement and Assurances" in effect for SFY 2016. The Board was able to provide adequate supporting documentation when requested. Based on our testing, there were no exceptions regarding the assurances that relate to the fiscal compliance requirements.

## **Department's Desk Review Information (Section III):**

The remaining section of this supplemental report will provide other information that we believe would be useful.

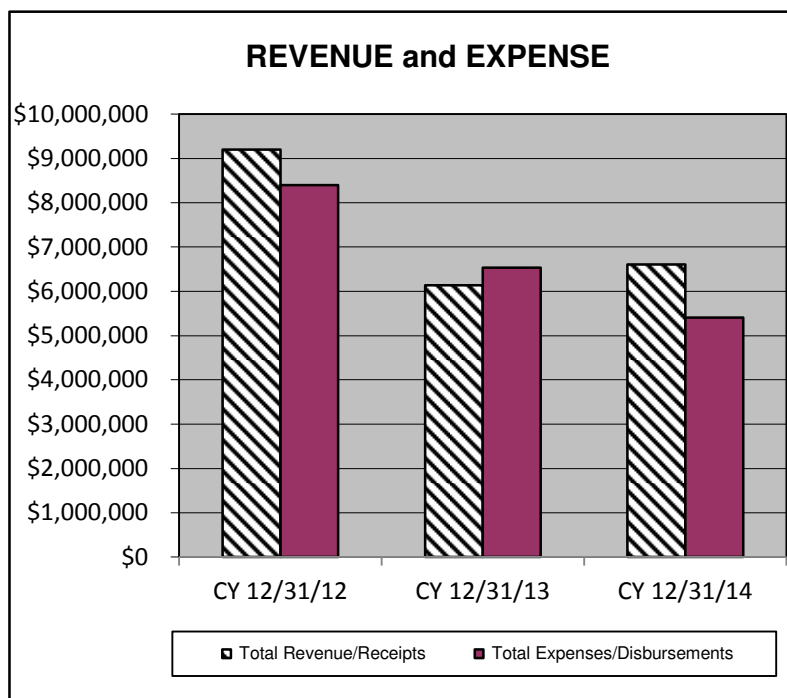
### **Background:**

The Tri-County Board of Recovery and Mental Health Services for Darke, Miami and Shelby Counties is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. It is directed by 18 members (currently only 14 serving and 4 vacancies) Board of Directors/Trustees appointed by the Director of Mental Health and Addiction Services and the legislative authorities of the political subdivision making up the Board. The Board of Directors/Trustees includes members appointed by those legislative authorities that are citizens of the Board area. The Board provides Mental Health and Addiction services and programs to citizens of the Board area. These services are provided primarily through contracts with private and public agencies.

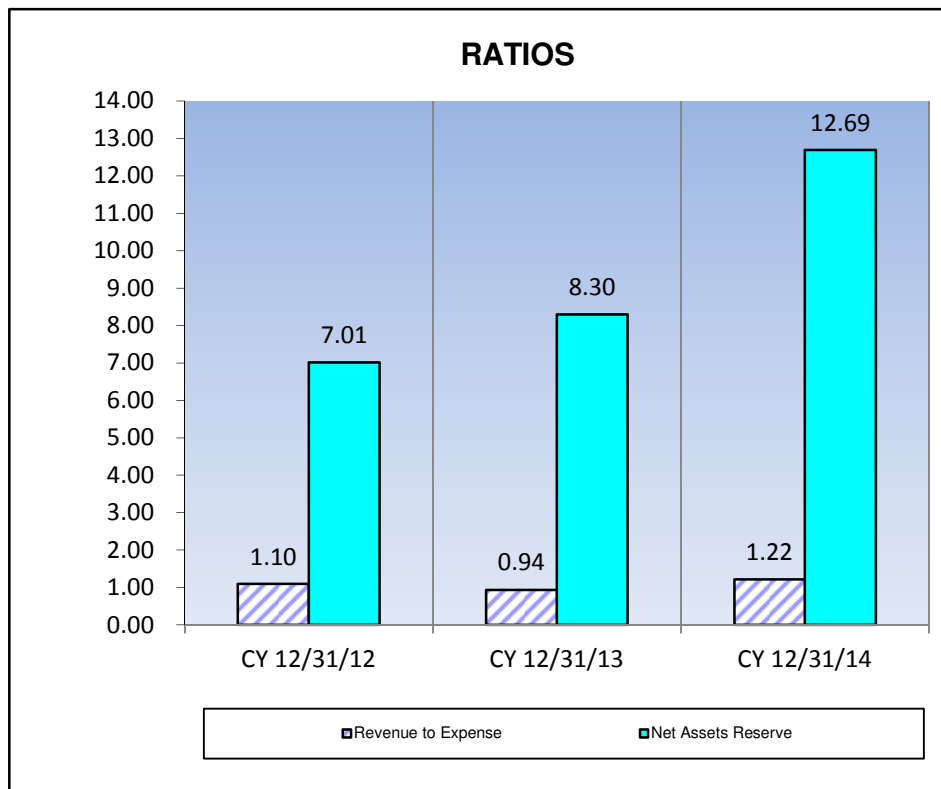
### **Financial Highlights:**

The Department understands that in order for an organization to succeed in carrying out its goals and objectives, they must have adequate support. Policies will dictate the directions the local community pursues; however, their budget will set priorities/limitations as to how they achieve their goals.

### **REVENUE CHART:**



**RATIO CHART:**



The above charts represent financial data obtained from their past three audits. Two Financial Key Performance Indicators that Ohio MHAS monitors are:

Revenue to Expense Ratio – This measures how the Board operated financially.

- In CY 2014 for every \$1 of Expenses, they generated 1.22 of Revenue.
- The Board operated at a Gain in 12/31/14.
- Over the past three years, the Board's average annual Revenue was 7.3 million.
- Over the past three years, the Board's average annual Expenses were 6.78 million.
- The chart above indicates a decline; however, this is caused by the Statewide Medicaid Elevation whereas the Board's monthly expenses have greatly reduced. We anticipate a new revised average after those years have dropped off from the chart in the near future.

Net Assets Reserve Ratio – This measures how many months of reserve a Board can sustain their monthly expenses with no additional revenue.

- This ratio should be used over multiple periods to determine their financial situation.
- As of CY 2014, the Board had reserves to cover 12.6 months of expenses without any additional revenue.
- With 12.6 months of reserves, this allows sufficient cash flow in their daily operations to assist them with their current and future financial planning.

### **Independent Audit Reports:**

The Board obtains an annual audit as a standalone auditee. Their audit is based on a Calendar Year End and they are subject to the Code of Federal Regulations which supersedes the provisions of OMB Circular A-133 audit requirements. For the previous three audits, CYE 2012, 2013 and 2014, the Board was audited by the Ohio Auditor of State and these reports can be obtained through their website located at:

<http://www.auditor.state.oh.us/>

For the three CYE mentioned in the preceding paragraph, there was no audit findings relating to funds provided by Ohio MHAS that required further actions.

### **External Entities Visits:**

For the past three years, the Board has been visited as follows:

Current (07/01/16 – 06/30/17) timeframe:

The Ohio Department of Mental Health and Addiction Services conducted a Stakeholder's Assistance Review (SAR). The main area of review was as follows:

1. Accountability of funds provided by the Department.
2. Funds provided by the Department were expended in accordance with laws, rules, contract agreements and regulations.
3. Funds provided by the Department were used for only allowable activities.
4. Accurate financial reporting (i.e. – form MHAS-FIS-040).
5. Close Out of funds provided (i.e. – unexpended funds).

The Board is a standalone auditee whereas they engage an audit from the Ohio Auditor of State annually. The main area of review was as follows:

1. Accurate financial reporting (i.e. – financial statements, SEFA, etc.)
2. Internal Controls (i.e. – proper approvals, segregation of duties, etc.)
3. Testing for adequate supporting documentation of financial transactions.
4. Compliance with Accounting Principles.
5. Irregularities, Illegal Acts, and Non-compliance that is material to the financial statements (GAGAS audit).

### **External Entities Visits: (continued)**

6. Financial activities are in accordance with laws, rules, contract agreements, and regulations.
7. Federal Awards are used for only allowable activities.
8. Audit findings follow-ups.

#### One year ago (07/01/15 – 06/30/16) timeframe:

As stated in the previous page, Tri-County Board of Recovery and Mental Health Services engages the Ohio Auditor of State to conduct an annual audit of the Board as a standalone auditee. Their area of focus was conducted during this timeframe.

#### Two year ago (07/01/14 – 06/30/15) timeframe:

As stated in the previous page, Tri-County Board of Recovery and Mental Health Services engages the Ohio Auditor of State to conduct an annual audit of the Board as a standalone auditee. Their area of focus was conducted during this timeframe.

### **Management Team & Staff:**

The current Executive Director has eighteen (18) years of experience within the Board and the Chief Fiscal Officer has twenty nine (29) years of experience within the Board. The Board's total administrative staff consists of nine employees (9.0 FTEs). The Board has Fiscal staff dedicated to handle the day-to-day accounting for the Board.

### **Contract Provider Agencies:**

During the past year (SFY 2015), the Board contracted with 14 provider agencies and they contracted with 11 agencies in the current year (SFY 2016). The Board renewed 11 contracts in SFY 2016 from the same agencies from SFY 2015. The Board plans on providing funds passed down from Ohio MHAS to 9 of these agencies in SFY 2016 and have classified 5 of them as Subrecipients in accordance with 2 CFR, Part §200.330, Subpart D, which supersedes the provisions of OMB Circular A-133 §.210. By having Subrecipients, the Board has certain responsibilities defined in Part §200.331. In our monitoring efforts, we believe the Board is actively managing their responsibilities and we will continue to monitor them to ensure compliance.

### **Board's Budget and Actuals:**

While monitoring this Board's financial activities, there were some variances between their Budget vs. their Actual expenditures. Key examples of these variances are as follows:

Service Category	SFY 2014 Budget	SFY 2014 Actual	Variance	%
MH BH Counseling and Therapy (Ind.)	230,500	47,135	183,365	76%
MH Behavioral Health Hotline Service	67,363	267,294	(199,931)	-297%
MH Subsidized Housing	150,000	240,000	(90,000)	-60%
MH Community Psychiatric Supp Treatment (Ind.)	164,750	53,388	111,362	68%
MH Inpatient Psychiatric Service (Private hospital only)	134,274	317,500	(183,226)	-136%
Treatment Services AoD Assessment	85,000	35,696	49,304	58%
Community Res Treatment AOD	-	170,775	(170,775)	-100%

From reviewing the Budget to the Actuals, it appears the Board did have some change in funding priorities during the year. Most notable was the shift in funding from various planned services of MH Individual Counseling and Psychiatric Treatment and was reinvested towards other services such as the Behavioral Health Hotline Service and Residential or Inpatient Services. Most times, these funding changes are driven based on clients' demand causing Boards to under/over budget.

We will continue to monitor the Board's planned and actual financial activities and communicate this information with staff in other sections of the Department when requested. This will assist us in determining how reliable we can utilize the Budget to monitor current spending patterns.

### **Irregularities in this Community:**

To the best of our knowledge, no irregularities (i.e. – fraud, waste, abuse, etc.) have affected any funds passed down from the Department.