

**Shawnee County CDDO
Affiliate Meeting
October 10, 2016**

PRESENT: Shelby Fry, TARC; Tim Gorton, SLI; MaryAnn Hughes, Sunflower Supports; Quinta Avance, Avance-d Community Alternatives; Dave Skinner, Monaco & Associates; Janice Duran, Enabled Hearth; Laine Crawford, Loving Hearts; Tracy Sheffield, DCCA; Eileen Doran, TARC; Laura Marple, TARC; Merilee Larson, Lifeworx; Sabrina Winston, Adrian Rivera, Billie Padilla, CDDO

I. Guest Speaker:

Cynthia Darting, CPA, Audit Manager, Berberich Trahan & Co., P.A.

Cynthia spoke about the differences between an Audit and Agreed Upon Procedures (AUP). She also spoke about the reasons an Audit or AUP is needed. She stated that people tend to use the terms interchangeably but that they have significant differences. (see handouts)

II. CDDO Updates:

- August 2016 and September 2016 Affiliate Report Overview - See Attachments
- Adrian Rivera, SNCDDO Functional Assessment Assessor, spoke about an assessment tool that may be implemented next year.
 - ✓ Assessors plan to start sampling the behavior portion of an assessment tool that may be used. Assessors will be looking for participants for the behavior section. It won't be counted towards anything other than feedback.
- CDDO policies have been updated.
- As of January 1, 2017, all supporting documentation for Functional Assessments is due the day of or prior to the scheduled BASIS meeting per policy 06-006. This change is to assist in having the assessments processed in a timely manner You may contact the Assessor for extenuating circumstances.
 - ✓ Acknowledgment of this change (having documentation at the time of meeting) will be sent out to providers prior to the implementation (beginning January 1, 2017).
- The FY17 Affiliate Agreement is being updated and should be out this month.
- Janelle Lyons, Quality Assurance Program Manager, KDADS and Susan Fout requested a list of Day Service providers to complete on-site visits from completed surveys and the Final Rule.

- Sabrina and Robert attended a meeting regarding capacity with other CDDOs to discuss issues and concerns. Included in the discussion were concerns about TCMs, Supportive Home Care reimbursement rate, FMS services for Children in Foster Care, Shared Living and the different definitions of what was meant by "capacity." Continued meetings will occur and will eventually include KDADS and MCOs.
- Make sure you have ISP's in place prior to starting services.
- Shawnee County CDDO volunteered to be the first for the State's Peer Review. The review is scheduled for November 10th, 2016.
 - ✓ The state is looking for volunteers to assist with other CDDO reviews.
 - ✓ SNCDDO volunteered to take part in the peer review for Big Lakes in February.
 - ✓ Quinta Avance, Avance-d Community Alternatives, volunteered to be part of a review team.
 - ✓ If you are interested in volunteering to be part of a review team let Sabrina know.
- We need members for the CDDO Quality Oversight Committee/Council of Community Members let Billie know at bpadilla@sncddo.org. The committee meets every other month from 12-1 pm at TARC. The next meeting is Wednesday, Nov. 16th. Please volunteer or make recommendations for parent and/or guardian, person served or community stakeholder.
- The next KDADS/CDDO/Stakeholder meeting is 10/20/16 from 9:30 am to 12 pm. The CDDO will be hosting the conference call, please RSVP to Billie at bpadilla@sncddo.org.

III. Other

- CMS will be conducting an on-site review of the State and all three MCOs on 10/24/16 as part of their review they will be holding a series of meetings with Providers (9-10:15 am), KanCare members and/or Guardians (11-12:15 pm) and Advocacy Groups (2-3:15 pm) on Monday, Oct. 24th at the Richard Bolling Federal Building, Kansas City, MO.

Next meeting is scheduled for December 12th, 2016 at 2 pm

A Comparison: Audit vs. Agreed-Upon Procedures (AUP)

Cynthia Darting, CPA, Audit Manager
BT&Co.
October 10, 2016



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

Overview

- Descriptions of both types of engagements
- Comparison
- Quiz

Audit

- The purpose of an audit is to provide financial statement users with an opinion by the auditor.
- The auditor's opinion on the financial statements addresses whether the financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework (GAAP, cash basis, etc.).
- An audit enhances the degree of confidence that intended users can place in the financial statements.
- The auditor's opinion does not assure the future viability of the entity nor the efficiency or effectiveness with which management has conducted the affairs of the entity.

AUP

- Firm engaged by a client to issue a report of findings based on specific procedures performed on the subject matter.
- Our services are obtained to do two things: **perform procedures and report our findings.**
- The specified parties and the Firm agree upon the procedures to be performed by the Firm that the specified parties believe are appropriate. Because the needs of the specified parties may vary widely, the nature, timing, and extent of the agreed-upon procedures may vary as well. Consequently, the specified parties assume responsibility for the sufficiency of the procedures since they best understand their own needs.
- The report for an AUP should clearly indicate that its use is restricted to those specified parties.
- An AUP is useful when management wants an external expert to cast an eye over the financial statements but at a low cost, or for interim reporting between annual audits. This is also useful if you want to review a specific risk or area, such as due diligence when buying a business, performance evaluation of a new process, or suspicion of fraud.

Audit vs. AUP: Similarities

Audit:

- Firm must be independent of client
- Does not assure the future viability of the entity nor the efficiency or effectiveness with which management has conducted the affairs of the entity.
- Does not guarantee that possible fraud will be discovered.

AUP:

- Firm must be independent of client
- Does not assure the future viability of the entity nor the efficiency or effectiveness with which management has conducted the affairs of the entity.
- Does not guarantee that possible fraud will be discovered.

Audit vs. AUP: Differences

Fundamentally different from each other!

Audit:

- Focused on the financial statements (although with Government Auditing Standards (GAS) or single audits, auditing procedures are performed on grants/contracts.)
- Required audit parameters
 1. Planning
 2. Testing of account balances
 3. Reporting
- Results in the issuance of an assurance opinion, considered the highest level of assurance provided to readers.
- Report includes required financial statements and related disclosures

AUP:

- Focused on a specific subject matter
- The parameters for the AUP are set by the client.
- No opinion or assurance on the financial statements
- Report consists of procedures and findings only.

Why an Audit or AUP?

Audit

- 3rd party requirement (bank, grantor, contractor)
- By-laws require an audit.
- Single audit – audit of federal awards with total expenditures being greater than \$750,000
- Nonprofits soliciting donations and have more than \$500,000 in revenue (State of Kansas regulation however there are many exemptions to this regulation.)

AUP

- Audit isn't required but 3rd party wants certain areas tested by an independent party.
- Cheaper option
- More flexible, can be tailored to the needs of the client or 3rd party requiring the AUP.
- Can be completed faster than an audit so if procedures need to be done quickly, this is a good option.

Quiz Time!

- Question #1:

A nonprofit entity expended \$850,000 in expenses funded by federal grants (grants directly from the federal government and passed through a state agency) in FY16. Which engagement will they most likely have for FY16?

- Question #2:

A for-profit entity suspects that fraud has occurred in one of their locations. Which engagement would make the most sense for this entity? They are not required to be audited.

Quiz Time!

- Question #3:

A nonprofit receives funding from a state agency for providing services to the elderly. The nonprofit is required to comply with certain stipulations in the contract with the state agency. Which engagement would be most appropriate for this situation?

- Question #4:

An entity has a contract with a State agency. This contract is one of 250 statewide. The contract contains minimal compliance requirements. Will the State agency choose an audit or AUP if they are looking for assurance on the financial statements, in particular to ensure that the entity has strong internal controls?

Questions?



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Certified Public Accountants

Cynthia Darting, CPA, Audit Manager

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SAMPLE

LIVING UNITED ASSOCIATION



FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015

LIVING UNITED ASSOCIATION
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Living United Association:

Report on the Financial Statements

We have audited the accompanying financial statements of Living United Association (the Association), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Association's December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waters & Waters, P.A.

June 15, 2016
Topeka, Kansas

LIVING UNITED ASSOCIATION
STATEMENT OF FINANCIAL POSITION

December 31, 2015
With Summarized Financial Information as of December 31, 2014

	2015	2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 451,189	\$ 78,593
Certificates of deposit	7,973	7,969
Investments	402,213	689,382
Accounts receivable, net of allowance	44,418	36,148
Grants receivable	112,253	120,442
Inventory	7,252	7,693
Prepaid expenses	1,060	21,027
Total current assets	1,026,358	961,254
Property and equipment, less accumulated depreciation	2,421,747	2,554,676
Other assets:		
Other	256,698	256,106
Total assets	\$ 3,704,803	\$ 3,772,036
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Current portion of notes payable - banks	\$ 46,321	\$ 46,630
Lines of credit	115,578	105,601
Accounts payable	53,588	104,381
Accrued payroll and payroll taxes	53,625	81,341
Accrued vacation	17,046	23,570
Deferred revenue	33,357	30,260
Other current liabilities	348	1,557
Total current liabilities	319,863	393,340
Long-term debt:		
Line of credit	153,916	136,766
Notes payable - banks	63,209	108,510
Total long-term debt	217,125	245,276
Total liabilities	536,988	638,616
Net assets:		
Unrestricted:		
Undesignated	2,528,242	2,210,182
Board designated	410,642	698,205
Temporarily restricted	36,190	32,912
Permanently restricted	192,741	192,121
Total net assets	3,167,815	3,133,420
Total liabilities and net assets	\$ 3,704,803	\$ 3,772,036

See accompanying notes to financial statements.

LIVING UNITED ASSOCIATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

With Summarized Financial Information for the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
Public support and other revenue:					
Public support:					
Contributions	\$ 109,307	\$ -	\$ -	\$ 109,307	\$ 118,683
Special events	121,059	-	-	121,059	80,828
United Way	105,000	-	-	105,000	282,034
Government grants	1,075,364	-	-	1,075,364	1,067,913
Total public support	1,410,730	-	-	1,410,730	1,549,458
Other revenue:					
Program fees	971,525	-	-	971,525	1,068,601
Miscellaneous	15,280	1,613	-	16,893	3,183
Change in value of beneficial interest	-	1,360	620	1,980	(9,527)
Net investment income (loss)	79,134	1,297	-	80,431	(16,452)
Net assets released from restrictions	992	(992)	-	-	-
Total other revenue	1,066,931	3,278	620	1,070,829	1,045,805
Total public support and other revenue	2,477,661	3,278	620	2,481,559	2,595,263
Expenses:					
Program expenses:					
Program A	1,243,716	-	-	1,243,716	665,938
Program B	5,311	-	-	5,311	807,015
Program C	801,553	-	-	801,553	1,143,223
Total program expenses	2,050,580	-	-	2,050,580	2,616,176
Support services expenses:					
Administrative	98,411	-	-	98,411	33,061
Fundraising	125,386	-	-	125,386	84,910
Total support services expenses	223,797	-	-	223,797	117,971
Total operating expenses	2,274,377	-	-	2,274,377	2,734,147
Other expenses:					
Depreciation	146,307	-	-	146,307	150,211
Investment fees	3,446	-	-	3,446	5,954
Interest expense	11,311	-	-	11,311	13,776
Other	11,723	-	-	11,723	-
Total other expenses	172,787	-	-	172,787	169,941
Change in net assets	30,497	3,278	620	34,395	(308,825)
Net assets, beginning of year	2,908,387	32,912	192,121	3,133,420	3,442,245
Net assets, end of year	\$ 2,938,884	\$ 36,190	\$ 192,741	\$ 3,167,815	\$ 3,133,420

See accompanying notes to financial statements.

LIVING UNITED ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015
With Summarized Financial Information for the Year Ended December 31, 2014

	Program A	Program B	Program C	Total Program Expenses	Administrative	Fundraising	2015 Total Operating Expenses	2014 Total Operating Expenses
Salaries	\$ 726,491	\$ 300	\$ 488,635	\$ 1,215,426	\$ 32,009	\$ 59,178	\$ 1,306,613	\$ 1,668,004
Employee benefits	133,560	39	88,482	222,081	6,408	8,920	237,409	306,903
Professional fees	55,933	-	31,456	87,389	14,658	7,182	109,229	68,109
Supplies	35,782	667	54,370	90,819	5,068	756	96,643	130,330
Telephone	13,694	40	6,915	20,649	2,405	330	23,384	30,003
Postage	632	4	633	1,269	1,178	1,098	3,545	3,759
Occupancy	64,172	4,158	74,066	142,396	19,233	1,788	163,417	255,108
Public relations	9,889	-	5,185	15,074	820	45,045	60,939	27,527
Travel and transportation	18,669	-	3,808	22,477	197	9	22,683	23,785
Training and conventions	2,781	-	1,421	4,202	14	171	4,387	9,719
Books/subscriptions/printing	672	-	123	795	148	96	1,039	538
Contractors	172,886	-	9,317	182,203	250	-	182,453	138,229
Organization expenses	2,102	-	9,432	11,534	12,469	573	24,576	25,137
Other expenses	6,453	103	27,710	34,266	3,554	240	38,060	46,996
Total	\$ 1,243,716	\$ 5,311	\$ 801,553	\$ 2,050,580	\$ 98,411	\$ 125,386	\$ 2,274,377	\$ 2,734,147

LIVING UNITED ASSOCIATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

With Summarized Financial Information for the Year Ended December 31, 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets:	\$ 34,395	\$ (308,825)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	146,307	150,211
Realized gains on investments	(40,834)	(25,713)
Unrealized loss (gain) on investments	(14,941)	66,104
Change in beneficial interest from trusts	9,743	9,527
Loss on disposal of property and equipment	9,794	-
Change in assets and liabilities:		
Accounts receivable	(8,270)	33,445
Grants receivable	8,189	41,845
Pledges receivable	-	270
Inventory	441	12
Prepaid expenses	19,967	(21,027)
Accounts payable	(50,793)	12,657
Accrued payroll and payroll taxes	(27,716)	(144)
Accrued vacation	(6,524)	(6,086)
Deferred revenue	3,097	8,325
Other current liabilities	(1,209)	(514)
Net cash used in operating activities	<u>81,646</u>	<u>(39,913)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(33,507)	(53,224)
Change in certificates of deposit	(4)	(7)
Proceeds from sale of investments	368,587	183,428
Purchases of investments	(25,643)	(31,918)
Net cash provided by investing activities	<u>309,433</u>	<u>98,279</u>
Cash flows from financing activities:		
Proceeds from line of credit	30,150	16,380
Principal payments on line of credit	(3,023)	(11,758)
Principal payments on notes payable	(45,610)	(40,237)
Net cash used in financing activities	<u>(18,483)</u>	<u>(35,615)</u>
Increase in cash	372,596	22,751
Cash and cash equivalents, beginning of year	78,593	55,842
Cash and cash equivalents, end of year	<u>\$ 451,189</u>	<u>\$ 78,593</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 11,311</u>	<u>\$ 13,776</u>

See accompanying notes to financial statements.

LIVING UNITED ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1 - Organization and Summary of Significant Accounting Policies

Organization

Living United Association (the Association) is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Association was founded to combat poverty in the city limits. To achieve this mission, the Association provides programs listed on the Statement of Functional Expenses.

Statement of Cash Flows

For the purpose of the statement of cash flows, cash and cash equivalents include petty cash, cash in checking accounts and money market accounts which have original maturities of three months or less.

Investments

The Association's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certificates of deposit are recorded at cost since they are not affected by market rate changes.

The Association invests in mutual funds, common trust funds, real estate and commodities.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts. An allowance for doubtful accounts is recorded when accounts are deemed to not be collectible based on history of past write-offs, collections and current credit conditions. An account receivable is written off when it is determined that all collection efforts have been exhausted. Accounts receivable is recorded net of an allowance for doubtful accounts of \$ 12,102 and \$ 3,849 at December 31, 2015 and 2014, respectively.

Inventory

Inventory consists of food, supplies, books, pictures and other education materials. Inventory is valued at cost, computed on the first-in, first-out method.

LIVING UNITED ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Organization and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost. Property and equipment with a cost of more than \$ 2,500 and an estimated useful life of more than two years are capitalized. Donated furniture and equipment are recorded at fair value at the date of donation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, generally three to thirty-five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Board Designated Net Assets

It is the policy of the Board of Directors of the Association to review its plans for future activities periodically and to designate appropriate sums to assure adequate financing of such activities.

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted. Contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association are recorded as permanently restricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs, fundraising, and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated based on a variety of factors, including the amount of time employees spend on each function.

LIVING UNITED ASSOCIATION

NOTES TO FINANCIAL STATEMENTS (Continued)

1 - Organization and Summary of Significant Accounting Policies (Continued)

Income Tax Matters

The Association is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code), is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code and has not been classified as a private foundation under Section 509(a) of the Code.

The Association's policy is to evaluate uncertain tax positions annually. Management has evaluated the Association's tax positions and concluded that the Association had taken no uncertain tax positions that require adjustment to the financial statements.

Forms 990 and 990T filed by the Association are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 and 990T filed by the Association are no longer subject to examination for the fiscal years ended December 31, 2011 and prior.

Advertising Costs

The Association expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2015 and 2014 was \$ 8,940 and \$ 6,028, respectively. These expenses are included in the statement of functional expenses in public relation expenses.

Risks and Uncertainties

The Association maintains a significant portion of its total assets in a combination of stocks, bonds, fixed income securities, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the statement of financial position.

LIVING UNITED ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

1 - Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2014 from which the summarized information was derived.

2 - Investments

Investments were as follows at December 31:

	Cost Basis	2015 Fair Value	Unrealized Gains
Cash and cash equivalents	\$ 49,156	\$ 49,156	\$ -
Mutual funds	292,878	353,057	60,179
	<u>\$ 342,034</u>	<u>\$ 402,213</u>	<u>\$ 60,179</u>



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

EXAMPLE ENTITY

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES

YEAR ENDED DECEMBER 31, 2015



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
Example Entity
Topeka, Kansas

We have performed the procedures enumerated in the attached supplement, which were agreed to by management of Example Entity (the Entity) and State Agency, solely to assist the specified parties in evaluating the Entity's compliance with certain requirements of the State Agency with respect to Section XII of the State Contract for the year ended December 31, 2015. The Entity is responsible for its compliance with those requirements. This agreed-upon procedures 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, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed, the accounts examined, and our findings are summarized in the attached supplement, which is an integral part of this report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

February 24, 2016
Topeka, Kansas

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An Independently Owned Member
McGLADREY ALLIANCE



EXAMPLE ENTITY

SUPPLEMENT TO INDEPENDENT ACCOUNTANT'S REPORT

Procedures

Review the processes and procedures related to the expense of funds received through the Affiliation Agreement with the State Agency. Assess whether procedures are in place to insure the funds are used for allowable costs, whether the procedures and processes are appropriate and whether they are being followed.

Review the processes and procedures related to documentation of attendance or other service records. Assess whether the attendance or other service records are appropriately maintained in order to verify that services billed are in fact delivered.

Verify that Example Entity is completing the required payroll tax returns.

Verify that Example Entity has workers' compensation coverage.

Review of Expenses

We scanned the Entity's general ledger expense accounts and selected all accounts over a certain dollar amount and within those accounts we selected all transactions over a certain dollar amount. The attached list details the expenses selected, the account coded, vendor, date, amount, brief description, and whether the transaction was substantiated. All items were traced to bank statements.

Review of Attendance

A sample of customers was selected from the weekly attendance sheets. Days were selected throughout the year and the weekly attendance sheet was matched to the daily log. A log is filled out for both day and residential customers daily, whether the customer is there or not, which describes the activities, mood, mishaps, etc. for the day.

For the sample selected, attendance records were kept timely and appear to be appropriately filled out, and the weekly attendance sheets matched, without exception, to the daily logs with the appropriate signatures.

Review of Payroll Tax Returns and Workers' Compensation Coverage

We verified that Example Entity is completing the required payroll tax returns and verified that Example Entity had workers' compensation coverage throughout the year.

EXAMPLE ENTITY

SUPPLEMENT TO INDEPENDENT ACCOUNTANT'S REPORT

Recommendation

None

Follow-up on Prior Year Recommendation

None

Conclusion

Nothing came to our attention that indicated the procedures and processes for expenditures were not appropriate. In addition, nothing was noted that indicated that the attendance or other service records were not appropriately maintained.

August 2016
Shawnee County CDDO Affiliate Report

Individuals receiving service: 1101
857 adults; 244 children

- 283 Receiving in home supports
- 721 Receiving day services
- 498 Receiving residential; 486 adults,
(12 children's residential)
- 1037 Receiving TCM

Determined Eligible: 4

Determined Ineligible: 1

Re-entry: 0

Incoming Transferred: 2

Outgoing Transferred: 1

Individuals in Crisis Year to Date: 2
(July 1, 2016 - June 30, 2017)

Crisis Request Reviewed: 7

Crisis Request Approved: 2

Crisis Request Denied: 2

Crisis Request Pended: 3

Individuals exiting Medicaid Services: 2

Provider Changes

- ◆ **Day:** 4
- ◆ **Residential:** 8
- ◆ **Case Management:** 19
- ◆ **In-Home Support Providers
(FMS, SHC):** 1

**Individuals not yet selecting case
management:** 53

Medicaid Eligible: 33

Non-Medicaid Eligible: 20

***Note:** Due to POC process changes,
provider change information is uncertain at
this time.

September 2016
Shawnee County CDDO Affiliate Report

Individuals receiving service: 1101
857 adults; 244 children

- 279 Receiving in home supports
- 719 Receiving day services
- 501 Receiving residential; 487 adults,
(14 children's residential)
- 1037 Receiving TCM

Determined Eligible: 5

Determined Ineligible: 1

Re-entry: 0

Incoming Transferred: 4

Outgoing Transferred: 1

Individuals in Crisis Year to Date: 3
(July 1, 2016 - June 30, 2017)

Crisis Request Reviewed: 5

Crisis Request Approved: 1

Crisis Request Denied: 1

Crisis Request Pended: 3

Individuals exiting Medicaid Services: 1

Provider Changes

- ◆ **Day:** 7
- ◆ **Residential:** 9
- ◆ **Case Management:** 8
- ◆ **In-Home Support Providers
(FMS, SHC):** 3

**Individuals not yet selecting case
management:** 64

Medicaid Eligible: 44

Non-Medicaid Eligible: 20

***Note:** Due to POC process changes,
provider change information is uncertain at
this time.