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West Virginia Department of Health and Human Resources

Office of Accountability and Management Reporting

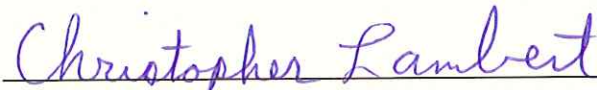
Response to Request for Quotation

RFQ Number HHR12070

To Provide Compliance Audits

Suttle & Stalnaker, PLLC
The Virginia Center, Suite 100
1411 Virginia Street East
Charleston, West Virginia 25301
(304) 343-4126
(800) 788-3844

Contact Person:



Christopher S. Lambert, CPA, Member

January 3, 2012

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TRANSMITTAL LETTER



CERTIFIED PUBLIC ACCOUNTANTS

January 3, 2012

West Virginia Department of Health and Human Resources
Office of Accountability and Management Reporting
One Davis Square, Suite 401
Charleston, West Virginia 25301

We are pleased to submit our proposal to provide examination engagements of the Long Term Care Financial and Statistical Reports (LTC-FASRs) West Virginia Medicaid providers and shall include up to eight semi-annual LTC-FASRs.

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Eagle Pointe Weirton Medical Center	Heartland of Charleston SunBridge Care & Rehabilitation for Dunbar	Huntington Health & Rehabilitation Golden Living Center - Glasgow
Guardian Elder Care at Wheeling	SunBridge Care & Rehabilitation for Salem	Golden Living Center - Morgantown
Arbors at Fairmont Broadus Hospital - Mansfield Place	Heartland of Beckley WV, LLC Heartland of Keyser	Golden Living Center - Riverside Clarksburg Nursing & Rehabilitation Center
Greenbrier Manor	SunBridge Care & Rehabilitation for Pine Lodge	McDowell Nursing & Rehabilitation Center
Pleasant Valley Nursing and Rehabilitation Center	SunBridge Care & Rehabilitation for Putnam	Summers Nursing & Rehabilitation Center
Good Samaritan Society - Barbour County	Heartland of Clarksburg	Hampshire Memorial Hospital
Montgomery General Elderly Care Center	Heartland of Martinsburg	The Maples
Grant Memorial Hospital	Heartland of Preston County	Fayette Nursing & Rehabilitation Center
Montgomery General Hospital Extended Care	Nella's Nursing Home, Inc.	E.A. Hawse Nursing & Rehabilitation Center
Morgan County War Memorial Hospital	New Martinsville Health Care Center	Lincoln Nursing & Rehabilitation Center
Minnie Hamilton Health Care Center, Inc.	SunBridge Care & Rehabilitation for Parkersburg	Cameron Nursing & Rehabilitation Center
Roane General Hospital	SunBridge Care & Rehabilitation for Glenville	Wayne Nursing & Rehabilitation Center
St. Josephs Hospital of Buckhannon, Inc.	Holbrook Nursing Home	Webster Nursing & Rehabilitation Center
Summers County ARH	Nella's Inc.	Wyoming Nursing & Rehabilitation Center
Summersville Memorial Hospital	Heartland of Rainelle WV, LLC	Mercer Nursing & Rehabilitation Center

The Virginia Center • 1411 Virginia Street, East • Suite 100 • Charleston, WV 25301

Phone (304)-343-4126 or 1-(800)-788-3844 • Fax (304)-343-8008

Towne Square • 201 Third Street • PO Box 149 • Parkersburg, WV 26102

Phone (304)-485-6584 • Fax (304)-485-0971

www.suttlecpas.com • E-mail: cpa@suttlecpas.com

A Professional Limited Liability Company

The examinations will be accordance with the Office of Accountability and Management Reporting Audit Guide for Long Term Care Facilities, and will address: cost submitted by long term care providers participating in the West Virginia Medicaid Program are accurate, allowable, and in accordance with the West Virginia Medicaid Provider Manuals, all of the applicable laws, rules and regulations.

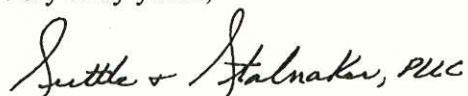
The services provided will include:

- Examinations of each six-month cost report filed by the fifty one (51) individual nursing facilities as listed above in accordance with the OAMR Audit Guide.
- Issuance of individual examination reports by facility, expressing an opinion as to the completeness and accuracy of the providers' cost reports in accordance with the regulations and policies governing the filing of that report. The examination report will include a summary of findings, detailing all incidence of noncompliance regardless of the amount and effect on the opinion discovered as a result of the testing. The summary of findings will also include the questioned amount, the period in which the finding occurred, and the cost center affected by the finding.
- Immediate notification to the Agency in writing of any irregularities or misrepresentations that might indicate a criminal act, or intentional abuse of the Medicaid funding discovered while conducting the examination.
- Providing the Agency with (3) copies of the final examination report and one (1) copy of the examination work papers used to conduct the examination of each of the selected facilities during year 1, year 2 and year 3.
- Providing appeal representation and consultation for all levels of appeal, administrative reviews, evidentiary hearings, and judicial reviews.

We demonstrate in the attached proposal that we exceed your mandatory qualifications, understand your Request for Proposal and examination needs, and commit to meeting all of your requirements. Our detailed proposal which follows is formatted in the same order as the Request for Quotation, and includes specific responses to all required elements.

We will serve OAMR in a dedicated manner and you will be a top priority client of our office. We would appreciate the opportunity to meet personally to further discuss this written proposal. Please feel free to contact Chris Lambert or Chris Deweese in respect to any questions you may have concerning this proposal. The following technical proposal is a firm and irrevocable offer for ninety (90) days.

Very truly yours,



TECHNICAL PROPOSAL

SECTION I - VENDOR EXPERIENCE / CAPABILITIES

FIRM QUALIFICATIONS AND EXPERIENCE

Locations. Suttle & Stalnaker, PLLC (S&S), Certified Public Accountants, has offices located at 1411 Virginia Street East, The Virginia Center, Suite 100, Charleston, West Virginia 25301 and at Towne Square, 201 Third Street, Post Office Box 149, Parkersburg, West Virginia 26102.

Statistics. S&S was founded in 1973 and has approximately 68 professionals, including 13 members (partners). S&S has 35 certified public accountants on staff. S&S is one of the largest accounting firms in the State of West Virginia and has a rich heritage in the West Virginia market. Our professionals are organized according to their functional discipline: accounting and auditing, tax and tax consulting, and management consulting. We consider ourselves business advisors who not only solve problems but also prevent them. S&S performs a full range of services including financial reporting consulting, SOX consulting and compliance, audit and attest services, tax and tax planning, merger and acquisition consulting, operational consulting, internal audit assistance, audit preparation consulting, business valuations, and outsourcing. The Firm is one of the fastest growing CPA firms in West Virginia which is a primary result of our high quality services, commitment to clients and competitive fees.

NURSING HOME AND RELATED COST REPORT EXPERIENCE

Suttle & Stalnaker, PLLC performed several audits of nursing home and ICF/MR cost reports in the past few years for the Department of Health and Human Resources. **Specifically, the engagements included the following entities, many of which are the same entities covered by this RFQ.**

Worthington Manor	Eagle Pointe	Genesis Ansted
Wishing Well Manor	Grafton (Wallace B. Nursing Home)	Genesis Brightwood
Wishing Well Health Center	IHS at Charlestown	Genesis Canterbury
Marmet Health Center	Laurel Nursing & Rehab	Genesis Capital City
Fayette Community Health Center	Nella's Nursing Home, Inc.	Genesis Carehaven
HCR Manorcare Heartland of Rainelle	Nella's, Inc.	Genesis Cedar Ridge
HCR Manorcare Heartland of Preston County	Ohio Valley Health Care	Genesis Dawnview
HCR Manorcare Heartland of Martinsburg	Princeton Health Center	Genesis Hampshire
HCR Manorcare Heartland of Keyser	Springfield Center	Genesis Heritage
HCR Manorcare Heartland of Clarksburg	Weirton Medical Center	Genesis Hilltop
HCR Manorcare Heartland of Charleston	Fayette Community Health Center	Genesis Logan
HCR Manorcare Heartland of Beckley	ICF/MR	Genesis Miletree
Arbors of Fairmont	Marmet	Genesis Madison
AMFM of Wyoming County	Oak Hill	Genesis Pocahontas
AMFM of Webster County	Ohio Valley Health Care	Genesis Raleigh
AMFM of Wayne County	Parkersburg	Genesis Ravenswood
AMFM of Summers County	Potomac Center	Genesis Rosewood
AMFM of McDowell County	SunBridge - Dunbar	Genesis Shenandoah
AMFM of Marshall County	SunBridge - Glenville	Genesis Sistersville
AMFM of Lincoln County	SunBridge - New Martinsville	Genesis Teays Valley
AMFM of Hardy County	SunBridge - Parkersburg	Genesis Valley
AMFM of Fayette County	SunBridge - Pine Lodge	Genesis White Sulphur
AMFM of Clarksburg	SunBridge - Putnam	Genesis Willows
	SunBridge - Salem	Genesis Elderly Care
		Genesis Pt. Pleasant

Suttle & Stalnaker, PLLC has been serving clients in the health care industry for over 25 years. Our experience includes numerous clients operating under Medicaid/Medicare statutes and regulations related to nursing facilities. Our audit experience for example includes over 5 years of experience with Montgomery General Hospital and Jefferson Memorial Hospital nursing facilities, including preparing Medicaid Cost Reports, as well as preparing Medicare/Medicaid cost reports for Montgomery General Hospital and Kanawha Valley Senior Services.

In serving our clients during the past 38 years, we have numerous years of experience in working with a State Agency for Medicaid performing nursing facility audits as well as 24 years of experience in working with the State Agency in performing the Single Audit of the State of West Virginia including all compliance issues.

APPEALS PROCESS EXPERIENCE

In conjunction with our previous engagements with the Department to audit several of the entities listed in this RFQ, we assisted the Department in the appeals and hearing process for those entities that chose to appeal the findings, resulting in appropriate resolutions of the issues raised. In addition, we have effectively represented our other clients in appeals processes as they have occurred. It is our experience that appeals occur in a minor portion of the audits.

STATE OF WEST VIRGINIA AND GOVERNMENT PRACTICE

Suttle & Stalnaker, PLLC has a long history of serving the State of West Virginia, having served virtually every major division and department in some capacity, including participating as a joint venturer/subcontractor in every Single Audit of the State of West Virginia. **As part of the Single Audit, Suttle & Stalnaker, PLLC personnel have audited the major programs of the Department of Health and Human Resources, including the Medicaid program.**

The State of West Virginia and its departments, divisions, and component units are the cornerstone of our government practice. Through a joint venture, we participate in the audit of the State of West Virginia's financial statements, and perform extensive work related to the requirements of the Single Audit Act and Office of Management and Budget's Circular A-133. In addition to the State Government Entities listed earlier our Firm has served numerous other governmentally and nonprofit funded clients and similar entities requiring audits in accordance with *Government Auditing Standards*, developing a strong reputation for providing quality services in the West Virginia market.

Other engagements with the State of West Virginia have included auditing component units, divisions or programs to be incorporated into the State of West Virginia's Comprehensive Annual Financial Reports. These engagements include the Workforce West Virginia, West Virginia Offices of the Insurance Commissioner, West Virginia Economic Development Authority, West Virginia Public Defender Services, West Virginia Regional Jail Authority, West Virginia Parkways Authority, West Virginia School of Osteopathic Medicine, Concord University, Bluefield State College, New River Community and Technical College and Southern West Virginia Community College. These engagements demonstrate our ability to meet the time parameters required by OAMR, as well as our ability to effectively and efficiently complete audits in the complex State environment. This preeminence in governmental and nonprofit services is not the result of casual experience acquired through an on-going accounting practice. Rather, it results from the commitment of our Firm to the highest standards of service in the governmental and nonprofit sector.

Suttle & Stalnaker, PLLC has performed a significant number of employer field audits for the Workers' Compensation Division over the last three years. In this capacity, we have consistently demonstrated our ability to complete the assigned audits producing a quality product in the time frames needed by the Department.

GFOA CERTIFICATE OF EXCELLENCE EXPERIENCE

Suttle & Stalnaker, PLLC has assisted the West Virginia Lottery, the West Virginia Public Employees Insurance Agency, and the West Virginia Division of Highways with preparation and review of their Comprehensive Annual Financial Reports (CAFR) over the last several years, which were successfully submitted to the Government Finance Officers Association (GFOA) for awards in their Certificate of Achievement for Excellence in Financial Reporting Program. In addition we are currently working on the 2011 West Virginia Parkways Authority. Suttle & Stalnaker, PLLC also participated in the State of West Virginia's GAAP conversion project, which culminated in successful submission of its CAFR to GFOA.

PKF NORTH AMERICA NETWORK

Suttle & Stalnaker, PLLC is a member of PKF North America Network, (PKF). PKF is a national and international association of independent certified public accounting firms, provides its members with continuing professional education, quality control, technical support, and marketing services.

Location. National and international.

Statistics. PKF includes over 200 member firms throughout the United States, Canada, Mexico, Europe and the Far East. PKF offers a network of experience and expertise covering a wide range of industries and client services on a regional, national and international basis. Admission is by invitation only.

PKF North America Network strengthens the practices of its member firms in a variety of ways:

- increased representation throughout the world
- access to specialized knowledge and expertise throughout the PKF North America Network association of firms
- superior professional education
- marketing and practice development support
- a library of best practices materials
- a network of international public accounting firms, through affiliation with PKF International, to meet their international needs

PROFESSIONAL AFFILIATIONS

Our firm and its professionals are members of numerous organizations that conduct educational training and provide educational publications to keep up with the current developments. Some of those organizations include:

American Institute of Certified Public Accountants (AICPA)
 PCPS: The AICPA Alliance for CPA Firms
 West Virginia Society of CPAs
 PKF North America Network (PKF)
 Government Finance Officers Association
 AICPA Government Audit Quality Center
 AICPA Employee Benefit Plan Audit Quality Center
 Association of School Business Officials
 Association of Government Accountants

AICPA Government Audit Quality Control Center

The Firm belongs to both the Governmental Audit Quality Center and the Employee Benefit Plans Audit Quality Center established by the American Institute of Certified Public Accountants. Membership in the audit quality centers requires specific rigorous policies and procedures regarding education and training, and provides the Firm with additional resources from the Centers in the form of webcasts, email blasts and technical support from the Centers' websites or telephone access to Center personnel.

EXTERNAL REVIEWS OF FIRM WORK

Our Firm's most recent peer review of our system of quality control performed by an independent CPA Firm in accordance with standards established by the American Institute of Certified Public Accountants was completed in 2008, and **we received an unqualified opinion with no letter of comments**. In accordance with peer review standards, the peer review included a review of selected specific governmental engagements. A copy of that report is included in this proposal.

DESK AND FIELD REVIEWS

Engagements performed by Suttle & Stalnaker, PLLC have been subjected to several federal desk and field reviews over the past three years. No significant issues were raised as a result of any of these reviews.

ACCOUNTING AND AUDITING

We have a strong reputation as auditors and business consultants to small and middle market companies, assisting in the analysis of business opportunities and threats, operations improvement, profit management, and design and installation of computer accounting and statistical systems. We are especially well known and respected for our experience and expertise in governmental and nonprofit entities, programs and activities, including Federal financial assistance programs, and cost allocation plans.

Our professionals are skilled in the unique financial reporting, accounting and auditing, and tax concerns of our clients as well as assisting them in such specialized projects as business financing, and operational analysis and improvement.

TAXES

The majority of our tax professionals specialize in year-end transaction advice, long-term strategic tax planning, tax accounting methods, state and local taxes, acquisitions, corporate reorganizations and tax planning. Further, they are skilled in tax planning and compliance matters for tax-exempt organizations including unrelated business income tax.

We have served our clients for over 35 years in all areas of taxation for all types of taxes. Further, we have been very successful in representing our clients and obtaining favorable results during audit by the taxing authorities.

RECENT MEDICAID/COST REPORT ENGAGEMENTS

Engagement	Scope of Work	Date	Engagement Member	Approx. Avg. Annual Hours
Single Audit of State of WV	Participation in Financial and Compliance Auditing for Several Departments, Including Medicaid and other Federal Award Programs	1987 thru present	Horace Emery / Chris Deweese / Chris Lambert	2,200
WV OAMR - 7 Heartland Facilities 6 SunBridge Facilities Arbors at Fairmont Integrated Health Systems of WV Nella's Nursing Home, Inc. Nella's, Inc. New Martinsville Health Care PMH dba Springfield Center Princeton Health Care Center Wallace B. Murphy Nursing Home Weirton Medical Center Eagle Pointe Laurel Nursing & Rehabilitation Center	Cost report audits	2004 - 2005	Jack Suttle / Chris Deweese	2,000
WV OAMR - Miletree Center, Valley Center, Pocahontas Center, White Sulphur Springs Center, Rosewood Center, Dawnview Center, Brightwood Center, Cedar Ridge Center, Ansted Healthcare Center, Pt. Pleasant Center, Canterbury Center, Capital Center (Oak Ridge Center), Hampshire Health Care Center, Carehaven Center, Heritage Center, Hilltop Center, Madison Center, Logan Center, Raleigh Center, Ravenswood Center, Teays Valley Center, Shenandoah Health Village Center, Willows Center, Sistersville Center	Cost report audits	2003	Jack Suttle / Chris Deweese	2,000

Engagement	Scope of Work	Date	Engagement Member	Approx. Avg. Annual Hours
WV OAMR - 10 AMFM Facilities 7 Heartland Facilities Fayette Community Health Care Ohio Valley Health Care Worthington Manor Wishing Well Health Center Wishing Well Manor Arbors at Fairmont	Cost report audits	2002	Jack Suttle / Chris Deweese	2,000
WV OAMR - AM/FM Nursing Homes Worthington and Ohio Valley Nursing Homes Hidden Valley and Marmet Nursing Homes Wishing Well Nursing Homes Northern ICF/MR's Potomac Center ICF/MR's	Cost report audits	2000	Jack Suttle	2,480
Rainelle Medical Center, Inc.	Preparation of Medicaid/Medicare Cost Report	2004 thru 2007	Horace Emery	300
Montgomery General Hospital	Preparation of Medicaid/Medicare Cost Report	2001	Jack Suttle/ Horace Emery	200
Montgomery General Hospital Extended Care	Preparation of Medicaid/Medicare Cost Report	2001	Jack Suttle/ Horace Emery	100
Montgomery General Elderly Care Center	Preparation of Medicaid/Medicare Cost Report	2001	Jack Suttle/ Horace Emery	100

ADDITIONAL CLIENTS SERVED

In addition to the cost report engagements listed previously. The following list illustrates Suttle & Stalnaker, PLLC's experience and diversity in serving governmental clients and similar entities:

- Single Audit of State of West Virginia, including the following:
 - Department of Health and Human Resources
 - **Medicaid**
 - Bureau of Employment Programs
 - West Virginia Development Office
 - Department of Education
 - Division of Environmental Protection
- West Virginia Offices of the Insurance Commissioner
- Division of Workers' Compensation - Employer Field Audits
- West Virginia Lottery
- West Virginia Lottery - Drawing Auditors
- West Virginia Lottery - Consultant regarding review of Video Lottery Licensees
- West Virginia Lottery - Financial Statements Audit
- Twelve County Boards of Education - Single Audit
- Region I, Regional Education Service Agency - Single Audit
- Region III, Regional Education Service Agency - Single Audit
- Region V, Regional Education Service Agency - Single Audit
- Systems and Controls Consulting for West Virginia Treasurer's Office
- West Virginia PEIA
- West Virginia PERS
- West Virginia Internal Service Funds
- West Virginia University
- Marshall University
- Fairmont State College
- West Virginia State College
- BCKP Regional Intergovernmental Council - Single Audit

SECTION II - PLANNED PROJECT MANAGEMENT AND STAFFING

SERVICE TEAM

The following individuals will be responsible for ensuring the effectiveness and efficiency of service to the Office of Accountability and Management Reporting. They are hands-on people who are available to meet with you as often as necessary to meet your needs.



CHRIS LAMBERT, CPA

Member

- Chris will serve as the Engagement and Coordinating Member of Suttle & Stalnaker, PLLC. Chris will have overall responsibility for engagement activities and deliverables. Chris will work closely with management and the County Commission to coordinate and execute the engagement. Chris will be on-site to review the work of all staff assigned.
- Over 20 years of public accounting experience. Industry experience includes nursing homes, personal care homes, rural health clinics, government and other not-for-profit entities. Additional experience in accounting systems, internal audit assistance, financial reporting consultation, audit preparation consulting, internal control systems, and operational improvement reviews. Chris has extensive consulting and audit experience with government clients.
- Bachelor's degree with a major in accounting from Marshall University.
- Certified public accountant. Member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants (WVSCPA), the Charleston Chapter of the WVSCPA.



CHRIS DEWEESE, CPA

Member

- Chris will serve as the Independent Review Member of Suttle & Stalnaker, PLLC. Chris is an audit and consulting Member and will be available to provide technical assistance as requested by the Engagement Team. He has served as engagement member for the audits of many government entities and also the previous cost report audits performed.
- Over 16 years of public accounting experience. Industry experience includes government, healthcare and other for-profit entities. Chris has performed the audit of the Medicaid program and West Virginia Department of Health and Human Resources for the last 16 years. He also has extensive experience in audits of the cost reports of the nursing homes performed previously by Suttle & Stalnaker, PLLC.
- Bachelor's degree with a major in accounting from the University of Charleston.
- Certified public accountant. Member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants (WVSCPA), and is the Past-President of the City of Directors of the Charleston Chapter, co-chair of the Accounting and Audit subcommittee of the of the WVSCPA, West Virginia Accounting Procedures Committee, and a member of ASBO. Chris also serves on several not-for-profit boards in the area. Chris was the 2004 recipient of the WVSCPA Young CPA of the Year Award.



HORACE EMERY, CPA

Member

- Member whose responsibilities include providing technical assistance on all accounting and audit engagements, and managing the Firm's continuing professional education program. He will be responsible for ensuring that all professional standards are met. He has also served as engagement member for the audits of the West Virginia Division of Highways, the West Virginia Department of Transportation, the West Virginia Officers of the Insurance Commissioner, the West Virginia Lottery, the West Virginia Public Employees Insurance Agency, the West Virginia Workers' Compensation Division, and the West Virginia Bureau of Employment Programs. He has over 31 years experience in auditing with over 25 years experience auditing governmental entities and programs.
- Over 32 years of diversified experience in public accounting with the firms of Suttle & Stalnaker, PLLC and Peat, Marwick, Main & Co. His extensive experience includes audits of nonprofit, governmental and healthcare entities as well as audits of retail wholesale, and manufacturing companies; reviews of accounting systems; and reviews of internal controls.
- Graduated from West Virginia University with a master's of business administration degree with an emphasis in accounting, and from Oberlin College with a Bachelor of Arts degree. He is a certified public accountant having received certificate number 1144 from the State of West Virginia.
- Member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, and the Government Finance Officers Association. He currently serves as the Immediate Past President of the Board of the West Virginia Society of Certified Public Accountants, and on the Peer Review Committee of the West Virginia Society of Certified Public Accountants. He is a past Chair of the West Virginia Society of Certified Public Accountants Peer Review Committee and the Committee on Cooperation with State and Local Governments. He also was a past president of the Charleston, West Virginia Chapter of the EDP Auditors Association. He has planned local office professional development training programs for several years and has instructed several technical seminars. Horace served on the State of West Virginia GASB 34 implementation task force on both the entity wide financial statement committee and the oversight committee.



BRANDY WHITTINGTON, CPA

Manager

- Manager of Suttle & Stalnaker, PLLC responsible for supervision and training of audit staff, carrying out the audit plan, and coordinating and executing engagements.
- Over 13 years of experience in public accounting practice in which time she has specialized in governmental entities, non-profits and other Single Audit engagements.
- Graduate of the University of Charleston with a Bachelor of Science degree in business administration with a major concentration in accounting.
- Certified Public Accountant. Member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants, and the Charleston Chapter of the West Virginia Society of Certified Public Accountants.



JASON MCCAILE, CPA

Manager

- Manager of Suttle & Stalnaker, PLLC responsible for performing and supervising fieldwork. Jason will work closely with management and our technical experts, to coordinate and execute the engagement.
- Jason has over 12 years of experience in public accounting practice in which time he has specialized in financial institutions, boards of education and not-for-profit entities.
- Bachelor's degree with a major in business administration (concentration in accounting) and a Master's degree in professional accountancy, both from West Virginia University, graduated summa cum laude.
- Certified public accountant. Member of the American Institute of Certified Public Accountants, West Virginia Society of Certified Public Accountants (WVSCPA), the Charleston Chapter of the WVSCPA and currently serves on a not-for-profit board.



KELLY SHAFER, CPA
Manager

- Manager who works primarily in the audit, accounting, and consulting areas of Suttle & Stalnaker, PLLC. Her responsibilities include, but are not limited to, carrying out engagement plans, supervising other staff and senior accountants, communication with clients during the course of the fieldwork, completion of final reports.
- Over seven years of experience in public accounting during which time she has worked on several audit and consulting engagements.
- Graduated from West Virginia University with a bachelor of science degree in accounting and a masters of professional accountancy. She is a certified public accountant having received certificate number 4745 from the State of West Virginia.
- Member of the AICPA, the West Virginia Society of Certified Public Accountants and the Charleston Chapter of the West Virginia Society of Certified Public Accountants.



MARIE LONG, CPA
Supervisor

- Supervisor who works primarily in the audit and accounting areas of Suttle & Stalnaker, PLLC. Her responsibilities include, but are not limited to, carrying out audit plans, communication with clients during the course of the fieldwork, completion of final audit reports.
- Seven years of experience during which time she has worked on several audit engagements that are similar to the client being proposed on.
- Graduated from West Virginia State University with a bachelor of science degree in business administration with major concentrations accounting, finance, and management and a minor in economics. She is a certified public accountant having received certificate number 4616 from the State of West Virginia.
- Member of the American Institute of Certified Public Accountants, the West Virginia Society of Certified Public Accountants and the Charleston Chapter of the West Virginia Society of Certified Public Accountants.

**ELIZABETH FARLEY, CPA****Senior Accountant**

- Senior accountant who works primarily in the audit, accounting, and consulting areas of Suttle & Stalnaker, PLLC. Her responsibilities include, but are not limited to, carrying out engagement plans, supervising staff, communication with clients during the course of the fieldwork, completion of final reports.
- Over two years of experience in public accounting during which time she has worked on several audit and consulting engagements.
- Graduated from Concord University with a bachelor of science degree in accounting. She is a certified public accountant having received certificate number 4936 from the State of West Virginia.
- Member of the AICPA, the West Virginia Society of Certified Public Accountants and the Charleston Chapter of the West Virginia Society of Certified Public Accountants.

SECTION III - OTHER MANDATORY REQUIREMENTS

INDEPENDENCE AND CONFLICTS OF INTEREST

All professional personnel must be familiar with and adhere to the independence rules, regulations, interpretations, and rulings of the AICPA, the State of West Virginia Board of Accountancy, the West Virginia Society of CPAs, the United States General Accounting Office, State statutes, and regulatory agencies under which we practice. In this regard, any transaction, event, or circumstance that would impair the Firm's independence on compilation, review, audit, forecast, projection, or attestation engagements is prohibited.

Suttle & Stalnaker, PLLC is independent of the Department of Health and Human Resources, Office of Accountability and Management Reporting, the State of West Virginia, and any other component units of the State of West Virginia as defined by auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, United States General Accounting Office.

We affirm to the best of our knowledge and belief that neither the firm, nor any of its members, or employees, presently have any interest and shall not acquire any interest, direct or indirect which would conflict or compromise in any manner or degree with the performance of its services hereunder. We further covenant that during the period of the contract, we shall periodically inquire of our members, employees and any subcontractors concerning such interests. Any such interests discovered shall be promptly presented in detail to OAMR.

LICENSE TO PRACTICE IN WEST VIRGINIA

Suttle & Stalnaker, PLLC and all assigned key professional staff are properly licensed by the West Virginia Board of Accountancy to practice in West Virginia. We are in good standing with both the Workers' Compensation Division and the Unemployment Compensation Division as required by law.

In addition, all assigned personnel have received adequate continuing professional education within the preceding two years to comply with AICPA and *Government Auditing Standards* (GAS). We are also members in good standing with the American Institute of Certified Public Accountants (AICPA), the AICPA's Private Companies Practice Section, and the West Virginia Society of Certified Public Accountants (CPAs). All partners and members proposed to serve on this engagement are members of the AICPA.

Suttle & Stalnaker, PLLC meets all requirements imposed by the State of West Virginia and other local laws, rules and regulations, and are registered resident vendors authorized to transact business with the State of West Virginia.

QUALITY CONTROL

Suttle & Stalnaker, PLLC is a member in good standing of PKF International and of the PCPS: The AICPA Alliance for CPA Firms, and as such is required to provide a minimum average of 40 hours per year of continuing professional education for each professional on staff, have a complete quality control system in place which encompasses all of the quality control elements established by the AICPA, and have a peer review at least every three years.

In addition we are members of the Government Audit Quality Center and the Employee Benefit Plan Audit Quality Center of the American Institute of Certified Public Accountants. CPA firms that join the Center demonstrate their commitment to audit quality by agreeing to, and meeting, specific Center membership requirements. They also show their dedication to sharing best practices, learning about emerging issues, and demonstrating their commitment to enhancing quality in their practices.

The following is a brief summary of our policies as they relate to each quality control element.

Leadership Responsibilities For Quality

It is the firm's policy to promote a culture of quality that is pervasive throughout the firm's operations through the development of its system of quality control. Firm management, principally the Director of Audit, assumes responsibility for the firm's system of quality control and designs the system (a) to emphasize the importance of performing work that complies with professional standards and regulatory and legal requirements and (b) to issue reports that are appropriate in the circumstances. In maintaining a culture of quality, the firm emphasizes the importance of ethics and integrity in every decision that personnel make, particularly at the engagement level.

Relevant Ethical Requirements

It is the firm's policy that all professional personnel be familiar with and adhere to the relevant ethical requirements of the AICPA, the State of West Virginia Board of Accountancy, the West Virginia Society of CPAs, and State of West Virginia statutes. Furthermore, it is the firm's policy that, for engagements subject to *Government Auditing Standards* and other applicable regulatory agencies, all professional personnel be familiar with and adhere to the relevant ethical requirements included in those standards and that personnel will always act in the public interest. In this regard, any transaction, event, circumstance or action that would impair independence or violate the firm's relevant ethical requirements policy on an audit, attestation, review or compilation engagement, or other service subject to the applicable standards is prohibited. Additionally, when the firm and its professional personnel encounter situations that raise potential independence threats but such situations are not specifically addressed by the independence rules of the AICPA *Code of Professional Conduct*, the situation will be evaluated by referring to the *Conceptual Framework for AICPA Independence Standards* and applying professional judgment to determine whether an independence breach has occurred. The firm will take appropriate action to eliminate those threats or mitigate them to an acceptable level by applying safeguards. If effective safeguards cannot be applied, the firm will decline to accept or withdraw from the engagement or take other corrective actions as appropriate to eliminate the breach or potential breach.

Acceptance and Continuance of Clients and Engagements

It is the firm's policy that for all compilation, review, audit, and attestation engagements, the acceptability of the client and the engagement be evaluated before the firm agrees to provide professional services and that the firm will accept only engagements that it believes can be completed with professional competence after considering the risk associated with providing professional services in the particular circumstances.

Human Resources

The success of the firm is dependent upon its professional staff. It is the firm's intent to succeed in the marketplace by having members and staff that possess the capabilities, competence, and commitment to ethical principles to assure that engagements performed by the firm are in accordance with professional standards and regulatory and legal requirements and that appropriate reports are issued. Having effective quality control policies and procedures over the human resources element of quality control will help ensure the proficiency of firm personnel. Accordingly, policies and procedures have been established to provide the firm with reasonable assurance that-

- Those hired possess the appropriate characteristics to enable them to perform competently. Professional staff must normally have an accounting degree and a grade point average of at least 3.0 on a 4.0 scale.
- Work is assigned to personnel having the degree of technical training and proficiency required in the circumstances.
- Personnel participate in general and industry-specific continuing professional education and other professional development activities that enable them to fulfill responsibilities assigned. All professional personnel must comply with the continuing professional education requirements of the AICPA, the West Virginia State Board of Accountancy, and the U.S. General Accounting Office. Specifically, all professionals must obtain a minimum of 40 hours of continuing professional education per year. For persons involved in governmental auditing, at least 24 hours in any two-year period must be directly related to governmental accounting and auditing. All professional staff must maintain an adequate awareness and understanding of current developments in technical literature, and all professional staff must assist in the training and development of staff members under their supervision.
- Personnel selected for advancement must have the qualifications necessary for fulfillment of the responsibilities they will be called on to assume. These determinations are made based on periodic, objective evaluations of individual performances.

Engagement Performance

Engagement performance encompasses many aspects of performing an engagement, from the initial planning stages to the issuance of the report and assembly of the work papers. Additionally, it is not uncommon for the firm's engagement teams to occasionally encounter complex or contentious issues that result in the need for consultation or that create differences of opinion. The firm believes in a strong quality control system and supports frequent engagement quality control review.

Specific detailed procedures have been developed in regards to the following three components of Engagement Performance.

- Engagement performance and documentation. - Specific policies and procedures include guidance on the use of various practice aids to help ensure that all engagements are properly planned, performed, supervised, reviewed, documented and reported in accordance with professional standards.
- Engagement quality control review. - It is the firm's policy (a) to evaluate all engagements against criteria established by the firm to determine whether an engagement quality control review should be performed, and (b) to perform an engagement quality control review for all engagements that meet these criteria. Engagement quality control reviews are completed before the report is released.
- Consultation and differences of opinion. - It is the firm's policy that personnel refer to authoritative literature or other sources when appropriate. The firm also recognizes the need for a constant exchange of ideas and opinions about technical issues on all professional engagements, and it is the firm's policy that all professional personnel seek consultation, on a timely basis, within or outside the firm whenever differences of opinion occur or uncertainty exists about the answer to a technical question; the application of a professional procedure or standard; the application of a rule, regulation, or procedure of a tax or other regulatory agency; or the application of a firm policy.

Monitoring

It is the firm's policy that the quality control system be monitored on an ongoing basis to provide the firm with reasonable assurance that the policies and procedures established by the firm for each of the elements of quality control are relevant, adequate, operating effectively, and being effectively applied. Monitoring activities may include engagement quality control reviews, inspection, and post-issuance review.

The specific procedures utilized to ensure compliance with the above policies are enumerated in our formal Quality Control Document which is available for inspection upon your request.

PEER REVIEW

A review of the Firm's system of quality control was performed in 2008, in accordance with the AICPA's peer review program. This review included a review of selected governmental engagements. **An unqualified opinion with no letter of comments was received as a result of this review.** A copy of that report is included on the following pages.



Kelley,
Galloway &
Company, PSC

CERTIFIED PUBLIC ACCOUNTANTS

▪ 1200 BATH AVENUE ▪ P. O. BOX 990 ▪ ASHLAND, KENTUCKY 41105-0990 ▪
▪ Phone (606) 329-1811 ▪ Fax (606) 329-8756 ▪ E-mail contact@kelleygalloway.com ▪ Web site www.kelleygalloway.com ▪

Member of the Center for Public Company Audit Firms, the Private Companies Practice Section of the American Institute of Certified Public Accountants and PKF North American Network

December 31, 2008

To the Members
Suttle & Stalnaker, PLLC

We have reviewed the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC (the firm) in effect for the year ended May 31, 2008. A system of quality control encompasses the firm's organizational structure, the policies adopted and the procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of Employee Benefit Plans and engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests; therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality

control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC in effect for the year ended May 31, 2008, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

Kelley, Galloway & Company, PSC

Kelley, Galloway & Company, PSC
Ashland, Kentucky

Prohibition Against Gratuities

Suttle & Stalnaker, PLLC has not employed any company or person to assist with our services to OAMR other than bona fide employees. Further, we have not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gifts or any other consideration contingent upon or resulting from the award of the contract with OAMR.

Certifications Related to Lobbying

No federal appropriated funds or any other funds have been paid or will be paid, by or on behalf of Suttle & Stalnaker, PLLC or their employees, to any person for purposes of influencing or attempting to influence an officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan, or cooperative agreement. We further agree that this certification will be included in any subcontracts in the event that any subcontract agreements are entered into.

Indemnification

Suttle & Stalnaker, PLLC agrees to indemnify, defend and hold harmless the State of West Virginia, the Department of Health and Human Resources and the Office of Accountability and Management Reporting, its officers, and employees from and against:

- (A) Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials or supplies in connection with the performance of the contract.
- (B) Any claims or losses resulting to any person or entity injured or damaged by Suttle & Stalnaker, PLLC their officers, employees or subcontractors by the publication, translation, reproduction, delivery, performance, use or disposition of any data used under the contract in a manner not authorized by the contract, or by Federal or State statutes or regulations;
- (C) Any failure of Suttle & Stalnaker, PLLC, their officers, employees or subcontractors to observe State and Federal laws, including but not limited to labor and wage laws.

Compliance with Governing Laws and Regulations

Suttle & Stalnaker, PLLC abides with all laws, regulations, and ordinances of the United States. We are licensed to do business in this state and also comply with the Civil Rights Act of 1964 and all other applicable federal, state and local government regulations.

Proposer's Warranty and Guarantee

Suttle & Stalnaker, PLLC warrants that it will not delegate or subcontract, its responsibilities under this agreement without the express prior written permission of OAMR.

Suttle & Stalnaker, PLLC further warrants that all information provided by it, in connection with this proposal, is true and accurate.

Suttle & Stalnaker, PLLC certifies it can and will provide and make available, at a minimum, all services set forth herein.

Record Retention

Suttle & Stalnaker, PLLC agrees that it will comply with applicable Federal and West Virginia rules and regulations regarding maintenance of documentation of records, and agrees that it will maintain such records for a minimum of five (5) years and make available all records to Agency personnel at Suttle & Stalnaker, PLLC's offices during normal business hours upon written request by the Agency within 10 days after receipt of the request.

COST PROPOSAL

FEES

We generally base our fees on the time required at our regular rates for the services and personnel assigned plus out of pocket costs. Our charges also include other appropriate factors, including the difficulty of the assignment, the degree of skill required, time limitations imposed on us by others, the experience and ability of the personnel assigned, and the value of the services to the client. Assuming adequate records, and entity cooperation our fees are estimated to be as follows, including out-of-pocket expenses:

Audits of cost reports for the 51 specified nursing facilities for year 1, year 2 and year 3, including all costs and expenses related to performing the audits, and including representation and participation in resolving any appeal issues or hearings arising from this engagement.

Not to Exceed All inclusive Cost:

Total 'Not to Exceed' Cost Year 1	\$ 153,000
Total 'Not to Exceed' Cost Year 2	153,000
Total 'Not to Exceed' Cost Year 3	<u>153,000</u>
Total	<u>\$ 459,000</u>

Calculation of Total "Not to Exceed" Cost Estimated

	<u>Hours</u>	<u>All Inclusive Rate</u>	<u>Amount</u>
Members (Partners)	450	\$260.00	\$ 117,000
Manager	600	180.00	108,000
Supervisor	800	140.00	112,000
Seniors	1,000	125.00	125,000
Staff	1,500	100.00	150,000
Support	<u>260</u>	75.00	<u>19,500</u>
Total	<u>4,610</u>		631,500
Less Discount			<u>(172,500)</u>
			<u>\$ 459,000</u>

Attachment 1

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
 WEST VIRGINIA DHHR OAMR
 COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
 YEAR 1 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Eagle Pointe	\$ 9,000
2. Weirton Medical Center	9,000
3. Guardian Elder Care at Wheeling	9,000
4. Arbors at Fairmont	9,000
5. Broaddus Hospital - Mansfield Place	9,000
6. Greenbrier Manor	9,000
7. Pleasant Valley Nursing and Rehabilitation Center	9,000
8. Good Samaritan Society - Barbour County	9,000
9. Montgomery General Elderly Care Center	9,000
10. Grant Memorial Hospital	9,000
11. Montgomery General Hospital Extended Care	9,000
12. Morgan County War Memorial Hospital	9,000
13. Minnie Hamilton Health Care Center, Inc.	9,000
14. Roane General Hospital	9,000
15. St. Josephs Hospital of Buckhannon, Inc.	9,000
16. Summers County ARH	9,000
17. Summersville Memorial Hospital	9,000
SUBTOTAL FOR STANDARD ENGAGEMENTS COST Year 1	\$ 153,000

HOURLY RATE FOR EXTRAORDINARY ADDITIONAL SERVICES
 (Based upon maximum 3-year Budgeted Hours allowed of 180 hours Total)
 Extraordinary Additional Services 180 hours x \$100 Per Hour = \$18,000 Total

SUMMARY OF ALL COSTS

GRAND TOTAL 3- YEAR CONTRACT COSTS (SUM OF YEARS 1-3)+
 PLUS THE TOTAL EXTRAORDINARY ADDITIONAL SERVICES \$ 477,000

Evaluation of Bids: Cost evaluations will be based on the total contract cost of the vendor who meets or exceeds the specifications and requirements. It is preferred that all vendors complete the attached pricing pages for year 1-3 rather than submitting a separate quote.

Attachment 2

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
 WEST VIRGINIA DHHR OAMR
 COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
 YEAR 2 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Heartland of Charleston	\$ 9,000
2. SunBridge Care & Rehabilitation for Dunbar	9,000
3. SunBridge Care & Rehabilitation for Salem	9,000
4. Heartland of Beckley WV, LLC	9,000
5. Heartland of Keyser	9,000
6. SunBridge Care & Rehabilitation for Pine Lodge	9,000
7. SunBridge Care & Rehabilitation for Putnam	9,000
8. Heartland of Clarksburg	9,000
9. Heartland of Martinsburg	9,000
10. Heartland of Preston County	9,000
11. Nella's Nursing Home, Inc.	9,000
12. New Martinsville Health Care Center	9,000
13. SunBridge Care & Rehabilitation for Parkersburg	9,000
14. SunBridge Care & Rehabilitation for Glenville	9,000
15. Holbrook Nursing Home	9,000
16. Nella's Inc.	9,000
17. Heartland of Rainelle WV, LLC	9,000
SUBTOTAL FOR STANDARD ENGAGEMENTS COST Year 2	\$ 153,000

Attachment 3

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
 WEST VIRGINIA DHHR OAMR
 COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
 YEAR 3 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Huntington Health & Rehabilitation	\$ 9,000
2. Golden Living Center - Glasgow	9,000
3. Golden Living Center - Morgantown	9,000
4. Golden Living Center - Riverside	9,000
5. Clarksburg Nursing & Rehabilitation Center	9,000
6. McDowell Nursing & Rehabilitation Center	9,000
7. Summers Nursing & Rehabilitation Center	9,000
8. Hampshire Memorial Hospital	9,000
9. The Maples	9,000
10. Fayette Nursing & Rehabilitation Center	9,000
11. E.A. Hawse Nursing & Rehabilitation Center	9,000
12. Lincoln Nursing & Rehabilitation Center	9,000
13. Cameron Nursing & Rehabilitation Center	9,000
14. Wayne Nursing & Rehabilitation Center	9,000
15. Webster Nursing & Rehabilitation Center	9,000
16. Wyoming Nursing & Rehabilitation Center	9,000
17. Mercer Nursing & Rehabilitation Center	9,000
SUBTOTAL FOR STANDARD ENGAGEMENTS COST Year 3	\$ 153,000

REQUEST FOR PROPOSAL



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

1

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

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Suttle & Stalnaker, CPA's
1411 Virginia Street East
Charleston, WV 25301

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HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
11/30/2011				

BID OPENING DATE: 01/03/2012 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
***** MANDATORY PRE-BID MEETING ON 12/15/2012 AT 10:00 AM IN CONFERENCE ROOM 93 AT ONE DAVIS SQUARE IN CHARLESTO WV 25301. *****						
001	1	JB		961-20		
PROFESSIONAL AUDITING SERVICES - CPA						
REQUEST FOR QUOTATION						
TO PROVIDE A CPA FIRM CONTRACTED AUDITS OF MEDICAID LONG TERM CARE NURSING HOME PROVIDER COST REPORTS, FOR DHHR, OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING (OAMR) .						
EXHIBIT 3						
LIFE OF CONTRACT: THIS CONTRACT BECOMES EFFECTIVE ON AWARD AND EXTENDS FOR A PERIOD OF ONE (1) YEAR OR UNTIL SUCH "REASONABLE TIME" THEREAFTER AS IS NECESSARY TO OBTAIN A NEW CONTRACT OR RENEW THE ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABL						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Chris Lambert</i>	TELEPHONE 304-343-4126	DATE 1/3/2012
TITLE Member	FEIN 55-0538163	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

GENERAL TERMS & CONDITIONS REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
 2. The State may accept or reject in part, or in whole, any bid.
 3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
 4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
 5. Payment may only be made after the delivery and acceptance of goods or services.
 6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
 7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
 8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
 9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
 10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
 11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
 12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
 13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
 14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

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ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

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HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
11/30/2011						
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.</p> <p>UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT, THE TERMS, CONDITIONS AND PRICING SET HEREIN ARE FIRM FOR THE LIFE OF THE CONTRACT.</p> <p>RENEWAL: THIS CONTRACT MAY BE RENEWED UPON THE MUTUAL WRITTEN CONSENT OF THE SPENDING UNIT AND VENDOR, SUBMITTED TO THE DIRECTOR OF PURCHASING THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE. SUCH RENEWAL SHALL BE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND SHALL BE LIMITED TO TWO (2) ONE (1) YEAR PERIODS.</p> <p>CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICES SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</p> <p>OPEN MARKET CLAUSE: THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THIS CONTRACT IS AUTOMATICALLY NULL AND VOID, AND IS TERMINATED WITHOUT FURTHER</p>						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE			TELEPHONE		DATE	
TITLE			FEIN		ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

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ADDRESS CORRESPONDENCE TO ATTENTION OF

ROBERTA WAGNER
304-558-0067

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HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
11/30/2011						
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>ORDER.</p> <p>INQUIRIES: WRITTEN QUESTIONS SHALL BE ACCEPTED THROUGH CLOSE OF BUSINESS ON 12/16/2011. QUESTIONS MAY BE SENT VIA USPS, FAX, COURIER OR E-MAIL. IN ORDER TO ASSURE NO VENDOR RECEIVES AN UNFAIR ADVANTAGE, NO SUBSTANTIVE QUESTIONS WILL BE ANSWERED ORALLY. IF POSSIBLE, E-MAIL QUESTIONS ARE PREFERRED. ADDRESS INQUIRIES TO:</p> <p>ROBERTA WAGNER DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25311</p> <p>FAX: 304-558-4115 E-MAIL: ROBERTA.A.WAGNER@WV.GOV</p> <p>REV. 3/88 PURCHASING CARD ACCEPTANCE: THE STATE OF WEST VIRGINIA CURRENTLY UTILIZES A VISA PURCHASING CARD PROGRAM WHICH IS ISSUED THROUGH A BANK. THE SUCCESSFUL VENDOR MUST ACCEPT THE STATE OF WEST VIRGINIA VISA PURCHASING CARD FOR PAYMENT OF ALL ORDERS PLACED BY ANY STATE AGENCY AS A CONDITION OF AWARD.</p> <p>REV 07/16/2007</p> <p>VENDOR PREFERENCE CERTIFICATE SEE REVERSE SIDE FOR TERMS AND CONDITIONS</p>						
SIGNATURE		TELEPHONE		DATE		
TITLE		FEIN		ADDRESS CHANGES TO BE NOTED ABOVE		

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

4

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

RFQ COPY

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HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B	FREIGHT TERMS
11/30/2011				

BID OPENING DATE: 01/03/2012 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
THIS TEAM EXHIBIT HAS BEEN REPLACED BY THE ONLINE VERSION WHICH IS AVAILABLE HERE: HTTP://WWW.STATE.WV.US/ADMIN/PURCHASE/VRC/VENPREF.PDF						
MANDATORY PRE-BID A MANDATORY PRE-BID WILL BE HELD ON 12/15/2011 AT 10:00 AM IN CR 93 AT ONE DAVIS SQUARE. ALL INTERESTED PARTIES ARE REQUIRED TO ATTEND THIS MEETING. FAILURE TO ATTEND THE MANDATORY PRE-BID SHALL RESULT IN DISQUALIFICATION OF THE BID. NO ONE PERSON MAY REPRESENT MORE THAN ONE BIDDER. AN ATTENDANCE SHEET WILL BE MADE AVAILABLE FOR ALL POTENTIAL BIDDERS TO COMPLETE. THIS WILL SERVE AS THE OFFICIAL DOCUMENT VERIFYING ATTENDANCE AT THE MANDATORY PRE-BID. FAILURE TO PROVIDE YOUR COMPANY AND REPRESENTATIVE NAME ON THE ATTENDANCE SHEET WILL RESULT IN DISQUALIFICATION OF THE BID. THE STATE WILL NOT EXCEPT ANY OTHER DOCUMENTATION TO VERIFY ATTENDANCE. THE BIDDER IS RESPONSIBLE FOR ENSURING THEY HAVE COMPLETED THE INFORMATION REQUIRED ON THE ATTENDANCE SHEET. THE PURCHASING DIVISION AND THE STATE AGENCY WILL NOT ASSUME ANY RESPONSIBILITY FOR A BIDDER-S FAILURE TO COMPLETE THE PRE-BID ATTENDANCE SHEET. IN ADDITION, WE REQUEST THAT ALL POTENTIAL BIDDERS INCLUDE THEIR E-MAIL ADDRESS AND FAX NUMBER. ALL POTENTIAL BIDDERS ARE REQUESTED TO ARRIVE PRIOR TO THE STARTING TIME FOR THE PRE-BID. BIDDERS WHO ARRIVE LATE, BUT PRIOR TO THE DISMISSAL OF THE TECHNICAL PORTION OF THE PRE-BID WILL BE PERMITTED TO SIGN IN. BIDDERS WHO ARRIVE AFTER CONCLUSION OF THE TECHNICAL PORTION OF THE PRE-BID, BUT DURING ANY SUBSEQUENT PART OF THE PRE-BID WILL NOT BE PERMITTED TO SIGN THE						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE

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Department of Administration
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304-558-0067

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HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
11/30/2011						
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
ATTENDANCE SHEET.						
NOTICE						
A SIGNED BID MUST BE SUBMITTED TO:						
DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130						
PLEASE NOTE: 5 CONVENIENCE COPIES WOULD BE APPRECIATED.						
THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:						
SEALED BID						
BUYER: -----RW/FILE 22-----						
RFQ. NO.: -----HHR12070-----						
BID OPENING DATE: -----1/3/2012-----						
BID OPENING TIME: -----1:30 PM-----						
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:						
304-343-8008						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE			TELEPHONE		DATE	
TITLE		FEIN		ADDRESS CHANGES TO BE NOTED ABOVE		

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)**Inquiries:**

Additional information inquiries regarding specifications of this RFQ must be submitted in writing to the State Buyer with the exception of questions regarding the proposal submission which may be oral. The deadline for written inquiries is identified in the Schedule of Events. All inquiries of specification clarification must be addressed to:

Roberta Wagner, Buyer Supervisor
Department of Administration
Purchasing Division
2019 Washington St. East
Charleston, WV 25311

Fax: (304) 558-4115
Email: Roberta.A.Wagner@wv.gov

Schedule of Events

Release of the RFQ...	12/2/2011
Mandatory Pre-bid Conference	12/15/2011
Final Deadline for Vendor Questions...	12/16/2011

Mandatory Pre-bid Conference:

A mandatory pre-bid conference shall be conducted on the date specified above at 10:00 AM. Said conference will be held at WV DHHR, One Davis Square, CR 93 Charleston, WV 25301.

All interested bidders are required to be present at this meeting. Failure to attend the mandatory pre-bid conference shall automatically result in disqualification. No one person can represent more than one vendor.

Vendors responding to this RFQ should submit:
One original and plus (5) convenience copies to:

Purchasing Division
Department of Administration
2019 Washington St. East
Charleston, WV 25311

The outside of the envelope or package(s) should be clearly marked:

Buyer:	Roberta Wagner
Req#:	HHR12070
Opening Date:	1/3/2012
Opening Time:	1:30 pm

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Background:

The WVDHHR Office of Accountability and Management Reporting (OAMR) is responsible for receiving semiannual LTC-FASRs, (cost reports) from all nursing facility providers for whom per diem rates are set on behalf of WV Medicaid.

These costs are submitted on the standard LTC-FASR form (Sample 3 attached) semi-annually and are used to calculate the per diem rates that participating long term care providers are paid for services rendered to West Virginia Medicaid clients. The examination engagements of the LTC-FASRs are used to determine whether any retroactive rate adjustments are necessary (e.g. based on unallowable or undocumented costs submitted, adjustments in census information, or other matters increasing or decreasing costs as originally reported).

Long term care providers are reimbursed only for allowable costs (as outlined in the rate setting methodology per the West Virginia Medicaid State Plan). Any reimbursement over cost is recovered through recalculation of the rate after the LTC-FASRs have been examined and adjusted for any findings of the examination. The rate is adjusted for any discrepancies noted in the examination; additionally, any other payments received by the provider during the period covered by the LTC-FASR under examination (such as payments for bed reservation days or West Virginia Medicaid credit balances) that are determined to be in error are recovered through this process as well.

Providers have a right to appeal the findings, recoveries and rate adjustments resulting from examinations and auditors are required to appear in evidentiary or other hearings to support the findings and conclusions or the examinations as well as prepare documents necessary for the attorneys or hearings examiner to sufficiently evaluate the findings or conclusions at issue.

These LTC-FASRs are desk reviewed and used to calculate the prospective per diem rates that will be paid to each provider for the next six-month period. OAMR is also responsible for examining LTC-FASRs to determine whether the costs and other data included on the submitted LTC-FASRs are allowable per WV Medicaid rules and regulations, documented, and appropriately classified and accounted for on the LTC-FASR. A typical examination of LTC-FASRs is performed on an individual provider basis (including all facilities or locations owned by the provider, typically incorporating six (6) to ten (10) consecutive semi-annual cost reporting periods per engagement. Any adjustments needed as a result of this process are incorporated into an adjusted rate calculation for each six-month rate period. The adjusted rate is then used to determine whether the provider was appropriately paid resulting in a recovery or additional payment to be processed as needed.

Through the course of the contract the vendor is expected to allow OAMR staff to be present during fieldwork (at the discretion of OAMR). The OAMR Audit and Rate Setting staff will be available as a resource for assistance in interpretation of applicable rules and regulations. Additionally, the adjusted rate calculation will be performed by OAMR's Rate Setting staff. The transmittal of the final report and communication with the provider regarding recovery or additional payment due will be performed by

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

the WVDHHR Bureau for Medical Services, (BMS). Vendor is expected to appear at any and all hearings resulting from provider appeals of findings, and is expected to provide documentation sufficient to support the conclusions and findings included in the report. Appearance at hearings is expected whether or not the timing of the hearing coincides with the term of the contract.

The vendor's principal contact with OAMR will be Jeffrey L. Bush, Office Director, OAMR, or a designated representative, who will coordinate the assistance that OAMR will provide for the LTC-FASR engagements.

GENERAL INFORMATION

Purpose: The Department of Health and Human Resources, Office of Accountability and Management Reporting, hereinafter referred to as "Agency", is requesting bids for a Certified Public Accountant firm to provide examination engagements of Long Term Care Financial and Statistical Reports (LTC-FASRs) received from West Virginia Medicaid providers.

Project: To obtain the services of a Certified Public Accountant to ensure that the costs submitted by long term care providers participating in the West Virginia Medicaid Program ("Provider") are accurate, allowable, and in accordance with the West Virginia Medicaid Provider Manuals and all of the applicable laws, rules and regulations.

Work Location: Work is to be performed onsite at Provider offices as well as home office locations (for long term care providers that are part of a chain of facilities) or at the vendor's location. Limited space and resources are available at the Agency offices to accommodate vendor staff.

General Requirements: The initial contract is for one year with the option of two (2) one-year renewals. Failure to meet the requirements of the requisition will result in disqualification.

Mandatory Requirements – Vendor Experience/Capabilities:	
Vendor must provide documentation of experience/capabilities.	
1	Vendor must have been in business at least fifteen (15) years and have at least (10) years experience conducting governmental audits.
2	Vendor must be a Certified Public Accountant (CPA) firm and must currently have on staff at Least ten (10) accounting professionals with at least five (5) of those holding CPA certification valid in the State of West Virginia.
3	Vendor will provide samples of work to demonstrate expertise in providing state staff and providers with training designed to enhance accuracy and consistency in cost reporting and cost report auditing.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Mandatory Requirements – Vendor Experience/Capabilities-Continued:

Vendor must provide documentation of experience/capabilities.

4. Vendor will provide samples of work to demonstrate proficiency in providing Medicaid agencies with audit of cost report data from entities including nursing homes, hospitals, ICF-MR's, FQHC's, , etc.
5. Vendor shall provide examples of engagements with which they have been involved to show that they possess expertise working with regulators in order to address and resolve Federal findings, inquiries, disallowance issues, etc.
6. Vendor shall provide samples of direct experience in order to confirm an ability to provide state Medicaid agencies with insight relevant to changes in law, rules, and direction associated with the state's ability to effectively and efficiently manage the audit and reimbursement process in a compliant manner.
7. Vendor shall provide samples of related work to verify experience and proficiency representing Medicaid agencies throughout the appeals process including the ability to effectively testify as an expert witness.
8. Vendor shall provide a detailed description of its qualifications in working with sensitive information, including PHI and PII, as well as the HIPAA compliant tools it employees to allow for the safe transfer and storage of data.
9. Vendor shall provide detailed examples of having successfully worked with policy, program, finance, budgeting, departments of governmental units in order to ensure that the highest level of value is derived from funds allocated through the audit process.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Scope of Work – Mandatory Requirements: The vendor must comply with the following specifications in the performance of the service.	
1	<p>The engagements performed under this contract and reports issued upon completion of those engagements are to be in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) as well as Government Auditing Standards as issued by the Comptroller General of the United States. All work is to be performed in accordance with the provisions contained herein. Those standards may be found at the following links: http://www.aicpa.org/Research/Standards/AuditAttest/Pages/SSAE.aspx http://www.gao.gov/yellowbook</p> <p>Up to seventeen (17) engagements will be performed under this contract. The information specific to each facility is included in Attachments 1-3 Cost Sheets.</p>
2	<p>Upon request by OAMR, the vendor is to perform financial and compliance audit engagements of semi-annual LTC-FASRs in accordance with the standards established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The vendor is to issue an opinion on the fair presentation, in conformity with generally accepted accounting principles and the rules and regulations established by the West Virginia Department of Health and Human Resources, of the financial and statistical information submitted in the LTC-FASRs for each facility examined along with a list of findings of non-compliance as described below. Additionally, the vendor is to issue a report on compliance and internal control in accordance with Government Auditing Standards.</p>
3	<p>Each engagement is to incorporate a pre-engagement planning meeting between an authorized representative of the vendor and the Agency to establish the procedures to be performed, whether OAMR staff intends to be present for any portion of the examination field work, the planned timing and expected completion of fieldwork, and the anticipated timing of draft and final report issuance. This meeting is to include a review of the cost reports to be examined as well as any additional information OAMR is aware of that would impact the examination procedures or the engagement.</p>
4	<p>The procedures for each engagement are to include, at a minimum, the procedures outlined in the OAMR Audit Guide (Sample 1 attached). However, this is not an all-inclusive list of procedures and the vendor is responsible for performing any and all procedures necessary to support the opinion and findings included in the examination report as described below. Materiality determination and examination procedures should focus on the schedules within the LTC-FASR that have the most impact upon the rate calculation (i.e. schedules WV-6, WV-7 and WV-16 through WV-22). Errors found in items sampled from those schedules should result in an expansion of testing to allow qualification and determination of the pervasiveness of the errors found.</p>

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

5	<p>Each engagement is to be conducted on an individual facility basis, and shall include up to eight (8) semi-annual LTC-FASRs, or cost reports. The vendor shall issue a report for each engagement expressing an opinion as to the completeness and accuracy of the information submitted on the LTC-FASRs in accordance with the WV Medicaid Provider Manuals and all applicable laws, rules and regulations, The report shall include the following elements:</p> <ol style="list-style-type: none"> 1. Independent accountants' examination report and report in accordance with Government Auditing Standards 2. A definitive list of findings of non-compliance, numbered sequentially and including the following elements (Sample 2 attached): <ol style="list-style-type: none"> a. Criteria b. Condition (to include cost report period, LTC-FASR cost center charged, page/line mapping to LTC/FASR field(s) affected, account number(s) and description(s) (from West Virginia Long Term Care Medicaid Chart of Accounts), amount originally reported on the LTC-FASR, correct amount, and quantification of increase or decrease necessary to adjust for cost or census error). c. Cause d. Effect or Potential Effect e. Recommendation 3. Status of prior findings (if any)
6	<p>Examination of facilities that share a common ownership or control (Chain Facilities) will generally be performed together as a group and shall include in the examination home office or other costs that have been allocated among the facilities and included in the LTC-FASRs submitted for those facilities.</p>
7	<p>Examinations of facilities that are owned by or located within a hospital (Hospital-Based Facilities) are to include in the examination any hospital costs allocated to the long term care facility and included in the LTC-FASR submitted for those facilities.</p>
8	<p>Vendor is prepared to adequately staff the engagement without reliance on OAMR staff for the performance of any audit related work or clerical support necessary for completion of the engagement.</p>

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

14	Vendor is responsible for final report preparation, editing and printing. The vendor is to provide OAMR with three (3) copies of the final report for each engagement as well as one (1) copy of the engagement workpapers resulting from the examination.
15	All workpapers and reports are to be retained, at the vendor's expense, for a minimum of five (5) years. After the five (5) years have elapsed documents are to be delivered and surrendered unto the OAMR.
16	Vendor is to be available to OAMR to assist in adapting the engagement procedures as necessary to accommodate rule and regulation changes as they affect the rate determination and audit process on an as-needed basis.
17	Vendor will be expected to complete audit fieldwork and submit draft audit reports for OAMR quality review not later than 90 days before contract expiration date. Any audits not submitted by this date will not be considered complete and therefore, final outstanding payments will be withheld. Final drafts submitted by 90 day deadline will be quality reviewed and upon acceptance by OAMR as final, OAMR will authorize approval of final payment.
18	The bid must include a firm fixed fee for the performance of each facility engagement for the services discussed above. In the event additional work outside the standard (eight (8) LTC-FASRs) engagements is needed, the vendor is to meet with OAMR prior to commencing additional work and the vendor is to provide OAMR with a written estimate of the hours required to perform the additional work. Vendor should provide an hourly rate schedule for additional work that may be performed. In the event that less than eight (8) LTC-FASRs cost reporting periods are to be examined in an engagement, the vendor is to adjust the per engagement fee to accommodate the reduction in work accordingly.
19	<p>Vendor is to commit a cohesive, dedicated, highly skilled core team of key personnel to oversee and conduct the tasks required under this agreement. The vendor is to designate one contact person to report to the Director of OAMR or his designee regarding all matters related to this contract. This individual shall be a Certified Public Accountant in good standing licensed by the West Virginia Board of Accountancy. The designated contact person must be able to act on behalf of the vendor and have appropriate experience and expertise in overseeing similar engagements. The designated contact person must be available for monthly on-site meetings with the OAMR Office Director or designee. Vendor should notify OAMR immediately of any noncompliance by LTC Providers to submit requested information necessary to complete the audit. As covered in section 514 of the WV Nursing Facility Provider Manual, records found to be incomplete or missing at the time of the scheduled on-site visit must be delivered within 48 hours or an amount of time mutually agreed upon with the audit staff at the exit conference. Provider costs found to be unsubstantiated will be disallowed and considered an overpayment. Failure of Providers to submit records will not be justification for late submission by vendor of expected audit report deliverables.</p> <p>Meetings may be conducted less frequently than a monthly basis, if deemed appropriate by the OAMR, and may be requested more frequently on an as needed basis.</p>

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Scope of Work – Mandatory Requirements:

The vendor must comply with the following specifications in the performance of the service.

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| 9 | The vendor shall be responsible for knowledge of the West Virginia Medicaid Provider Manuals, particularly Chapter 500, Volume 15 "Nursing Facility Services" as well as the West Virginia Medicaid Long Term Care Chart of Accounts. The OAMR staff shall be available to the vendor to assist in provision of information and explanations, as well as interpretations of rules and regulations as they pertain to audit findings and results of audit tests. It shall be the vendor's responsibility to contact OAMR with any questions as to interpretation of rules and regulations as necessary. |
| 10 | Vendor is to immediately notify OAMR in writing in the event that any of the following are noted in the course of performing the engagement under this contract: criminal acts; fraudulent transactions; intentional abuse of WV Medicaid funding; irregularities; misrepresentations by facility management; or any issues that would cause delays in the issuance of the engagement report or an adverse opinion. |
| 11 | Vendor is to provide representation and consultation for all levels of provider appeals whether or not scheduling of such proceedings occurs during the term of this contract; this may include administrative hearings, evidentiary hearings, and judicial reviews as well as other legal proceedings not individually listed here. This representation shall be included in the price of the engagements and no additional compensation shall be made whether the timing is within or subsequent to the term of this contract. |
| 12 | Vendor is to meet with OAMR representatives upon completion of each engagement and will provide at the meeting a draft copy of the report for the engagement (or engagements if Chain Facilities). Any necessary changes must be discussed and agreed upon before final acceptance. Vendor is to be prepared (with workpapers) to discuss each finding and to perform additional work at the request of OAMR for any areas not sufficiently explained or findings not sufficiently quantified. In the event that changes or additional work are deemed necessary a subsequent draft will be submitted and discussed with OAMR. |
| 13 | The final draft of the report is to be submitted to OAMR by the vendor and OAMR will transmit that draft report to the facility. The facility shall have ten (10) business days from receipt to provide additional information to the vendor to mitigate or resolve the findings. |

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)**Special Terms and Conditions:****General Terms and Conditions:**

By signing and submitting its proposal, the successful Vendor agrees to be bound by all the terms contained in this Request for Quotation.

Conflict of Interest:

Vendor affirms that it, its officers, members or employees presently have no interest and shall not acquire any interest, direct or indirect, which would conflict or compromise in any manner or degree with the performance of its services hereunder. The Vendor further covenants that in the performance of the contract, the Vendor shall periodically inquire of its officers, members and employees concerning such interests. Any such interests discovered shall be promptly presented in detail to the Agency.

Prohibition against Gratuities:

Vendor warrants that it has not employed any company or person other than a bonafide employee working solely for the vendor or a company regularly employed as its marketing agent to solicit or secure the contract and that it has not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gifts or any other consideration contingent upon or resulting from the award of the contract.

For breach or violation of this warranty, the Agency shall have the right to annul this contract without liability at its discretion or to pursue any other remedies available under this contract or by law.

Certification Related to Lobbying:

Vendor certifies that no federal appropriated funds have been paid or will be paid, by or on behalf of the company or an employee thereof, to any person for purposes of influencing or attempting to influence an officer or employee of any Federal entity, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, the Vendor shall complete and submit a disclosure form to report the lobbying.

Vendor agrees that this language of certification shall be included in the award documents for all sub-awards at all tiers, including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements, and that all sub-recipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this contract was made and entered into.

Vendor Relationship:

The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by the parties to this contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents.

Vendor shall be responsible for selecting, supervising and compensating any and all individuals employed pursuant to the terms of this RFQ. Neither the Vendor, nor any employees or contractors of the vendor, shall be deemed to be employees of the State Agency for any purposes whatsoever.

Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension or other deferred compensation plans, including but not limited to Workers' compensation and Social Security obligations, and licensing fees, etc. and the filing of all necessary documents, forms and returns pertinent to all of the foregoing.

Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including but not limited to the foregoing payments, withholdings, contributions, taxes, social security taxes and employer income tax returns.

The Vendor shall not assign, convey, transfer or delegate any of its responsibilities and obligations under this contract to any person, corporation, partnership, association or entity without expressed written consent of the Agency.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Indemnification:

The Vendor agrees to indemnify, defend and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials or supplies in connection with the performance of the contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendors, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use or disposition of any data used under the contract in a manner not authorized by the contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees or subcontractors to observe State and Federal laws, including but not limited to labor and wage laws.

Governing Law:

This contract shall be governed by the laws of the State of West Virginia. The Vendor further agrees to comply with the Civil Rights Act of 1964 and all other applicable laws and regulations, Federal, State and Local Government.

Compliance with Laws and Regulations:

The vendor shall procure all necessary permits and licenses to comply with all applicable laws, Federal, State or municipal, along with all regulations, and ordinances of any regulating body.

Vendor shall pay any applicable sales, use or personal property taxes arising out of this contract and the transactions contemplated thereby. Any other taxes levied upon this contract, the transaction, or the equipment, or services delivered pursuant hereto shall be borne by the contractor. It is clearly understood that the State of West Virginia is exempt from any taxes regarding performance of the scope of work of this contract.

Subcontracts/Joint Ventures:

The Vendor is solely responsible for all work performed under the contract and shall assume prime contractor responsibility for all services offered and products to be delivered under the terms of this contract. The Agency will consider the Vendor to be the sole point of contact with regard to all contractual matters. The Vendor may, with the prior written consent of the Agency, enter into written subcontracts for performance of work under this contract; however, the vendor is totally responsible for payment of all subcontractors.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Non-Appropriation of Funds:

If the Agency is not allotted funds in any succeeding fiscal year for the continued use of the service covered by this contract by the West Virginia Legislature, the Agency may terminate the contract at the end of the affected current fiscal period without further charge or penalty. The Agency shall give the vendor written notice of such non-allocation of funds as soon as possible after the Agency receives notice. No penalty shall accrue to the Agency in the event this provision is exercised.

Contract Termination:

The Agency may terminate any contract resulting from this RFQ with 30 days prior notice or immediately at any time the Vendor fails to carry out its responsibilities or to make substantial progress under the terms of this RFQ and resulting contract. The Agency shall provide the Vendor with advance notice of performance conditions which are endangering the contract's continuation. If after such notice the Vendor fails to remedy the conditions contained in the notice, within the time period contained in the notice, the Agency shall issue the Vendor an order to cease and desist any and all work immediately. The Agency shall be obligated only for services rendered and accepted prior to the date of the notice of termination.

Changes:

If changes to the original contract become necessary, a formal contract change order will be negotiated by the State, the Agency and the Vendor, to address changes to the terms and conditions, costs of work included under the contract. An approved contract change order is defined as one approved by the Purchasing Division and approved as to form by the West Virginia Attorney General's Office, encumbered and placed in the U.S. Mail prior to the effective date of such amendment. An approved contract change order is required whenever the change affects the payment provision or the scope of the work. Such changes may be necessitated by new and amended Federal and State regulations and requirements.

As soon as possible after receipt of a written change request from the Agency, but in no event more than thirty (30) days thereafter, the Vendor shall determine if there is an impact on price with the change requested and provide the Agency a written statement to identify any price impact on the contract or to state that there is no impact. In the event that price will be impacted by the change, the Vendor shall provide a description of the price increase or decrease involved in implementing the requested change.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Price Quotations:

The bid shall include a price for each engagement based on the facilities to be audited during the term of this contract as listed in Attachment 1. Attachment 1 lists the names and locations of the facilities, chain or hospital affiliation of each facility (if applicable) along with locations of home offices or hospital, and the number of LTC-FASR's to be included in the engagement. The price quotation should be all inclusive to render the product outlined in "Mandatory Requirements" above, to include all travel, administrative or other costs as well as any work deemed necessary, including the examination of home office costs, management fees, hospital or other similar costs allocated to each facility on the LTC-FASR's. It is the vendor responsibility to review the bid specification prior to bidding to ensure that the per audit engagement price is all-inclusive in allowing for unknown circumstances. The price shall also include any future representation at administrative hearings or other legal proceedings, and the vendor shall be prepared to explain and defend the findings of the audit engagements. The price quote should be on an individual engagement basis. However the vendor shall be committed to perform up to seventeen (17) engagements during the term of this contract.

Rates for Additional Professional Staff:

In the event the OAMR requests additional work due to unforeseen or extraordinary circumstances, related to unusual audit findings, or other reasons which in OAMR's determination are above and beyond the work of a standard audit engagement outlined above, the vendor is requested to supply hourly rate that would apply to any charges for same.

Invoices, Progress Payments:

The Vendor shall submit invoices, in arrears, to the Agency at the address on the face of the purchase order labeled "Invoice To" pursuant to the terms of the contract. Progress payments shall be made on the basis of percentage of work completed at the per engagement prices per the Cost Sheet. Progress reports must be submitted to Agency with the invoice detailing progress completed or any deliverables identified. Payment will be made only upon approval of acceptable progress or deliverables as documented in the Vendor's report. Invoices may not be submitted more than once monthly and State law forbids payment of invoices prior to receipt of services.

Liquidated Damages: According to West Virginia State Code §5A-3-4(8), Vendor agrees that liquidated damages shall be imposed at the rate of \$200 per week for failure to meet deadlines agreed upon for an audit. This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other additional remedy to which the State or Agency may have legal cause for action including further damages against the Vendor.

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Record Retention (Access & Confidentiality):

Vendor shall comply with all applicable Federal and State of West Virginia rules and regulations, and requirements governing the maintenance of documentation to verify any cost of services or commodities rendered under this contract by Vendor. The Vendor shall maintain such records a minimum of five (5) years and make available all records to Agency personnel at Vendor's location during normal business hours upon written request by Agency within 10 days after receipt of the request.

Vendor shall have access to private and confidential data maintained by Agency to the extent required for Vendor to carry out the duties and responsibilities defined in this contract. Vendor agrees to maintain confidentiality and security of the data made available and shall indemnify and hold harmless the State and Agency against any and all claims brought by any party attributed to actions of breach of confidentiality by the Vendor, subcontractor or individuals permitted access by the Vendor.

Insurance Requirements:

The Vendor, as an independent Vendor, is solely liable for the acts and omission of its employees and agents. Proof of insurance shall be provided by the successful Vendor at the time the contract is awarded. The Vendor shall maintain and furnish proof of coverage of liability insurance for loss, damage, or injury (including death) of third parties arising from acts and omissions on the part of Vendor, its agents and employees in the following amounts at a minimum.

- 1 For bodily injury (including death): Minimum of \$500,000.00 per person, \$1,000,000.00 per occurrence.
- 2 For property damage and professional liability: Minimum of \$1,000,000.00 per occurrence.

Vendor is solely responsible for required coverage of worker's compensation.

HIPAA Business Associate Addendum

The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's website (<http://www.state.wv.us/admin/purchase/vrc/hippa.htm>) is hereby made part of the Agreement. Provided that, the Agency meets the definition of a Covered Entity (45 CFR§160.103) and will be disclosing Protected Health Information (45 CFR§160.103) to the Vendor.

Debarment and Suspension:

Successful Vendor must certify that no entity, agency or person associated with firm, is currently debarred or suspended from conducting business with any governmental agency.

Attachment 1

HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

WEST VIRGINIA DHHR OAMR

COST QUOTE FOR STANDARD FACILITY ENGAGEMENT

YEAR 1 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Eagle Pointe	
2. Weirton Medical Center	
3. Guardian Elder Care at Wheeling	
4. Arbors at Fairmont	
5. Broaddus Hospital-Mansfield Place	
6. Greenbrier Manor	
7. Pleasant Valley Nursing and Rehabilitation Center	
8. Good Samaritan Society- Barbour County	
9. Montgomery General Elderly Care Center	
10. Grant Memorial Hospital	
11. Montgomery General Hospital Extended Care	
12. Morgan County War Memorial Hospital	
13. Minnie Hamilton health Care Center, Inc.	
14. Roane General Hospital	
15. St. Josephs Hospital of Buckhannon, Inc.	
16. Summers County ARH	
17. Summersville Memorial Hospital	
SUBTOTAL FOR STANDARD ENGAGEMENTS COST Year 1	

HOURLY RATE FOR EXTRAORDINARY ADDITIONAL SERVICES

(Based upon maximum 3-year Budgeted Hours allowed of 180 hours Total)

Extraordinary Additional Services 180 hours x \$ _____ Per Hour = \$ _____ Total

SUMMARY OF ALL COSTS

GRAND TOTAL 3-YEAR CONTRACT COSTS (SUM OF YEARS 1-3) + \$ _____
 PLUS THE TOTAL EXTRAORDINARY ADDITIONAL SERVICES

Evaluation of Bids: Cost evaluations will be based on the total contract cost of the vendor who meets or exceeds the specifications and requirements. It is preferred that all vendors complete the attached pricing pages for years 1-3 rather than submitting a separate quote.

Attachment 2

HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

WEST VIRGINIA DHHR OAMR

COST QUOTE FOR STANDARD FACILITY ENGAGEMENT

YEAR 2 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Heartland of Charleston	
2. SunBridge Care & Rehabilitation For Dunbar	
3. SunBridge Care & Rehabilitation For Salem	
4. Heartland of Beckley WV, LLC	
5. Heartland of Keyser	
6. SunBridge Care & Rehabilitation for Pine Lodge	
7. SunBridge Care & Rehabilitation for Putnam	
8. Heartland of Clarksburg	
9. Heartland of Martinsburg	
10. Heartland of Preston County	
11. Nellas Nursing Home, Inc.	
12. New Martinsville Health Care Center	
13. SunBridge Care & Rehabilitation for Parkersburg	
14. SunBridge Care & Rehabilitation for Glenville	
15. Holbrook Nursing Home	
16. Nella's Inc.	
17. Heartland of Rainelle WV, LLC	
SUBTOTAL FOR STANDARD ENGAGEMENTS COSTS Year 2	

Attachment 3
HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
WEST VIRGINIA DHHR OAMR
COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
YEAR 3 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>All-Inclusive Per Engagement Cost</u>
1. Huntington Health & Rehabilitation	
2. Golden LivingCenter-Glasgow	
3. Golden LivingCenter-Morgantown	
4. Golden LivingCenter-Riverside	
5. Clarksburg Nursing & Rehabilitation Center	
6. McDowell Nursing & Rehabilitation Center	
7. Summers Nursing & Rehabilitation Center	
8. Hampshire Memorial Hospital	
9. The Maples	
10. Fayette Nursing & Rehabilitation Center	
11. E.A. Hawse Nursing & Rehabilitation Center	
12. Lincoln Nursing & Rehabilitation Center	
13. Cameron Nursing & Rehabilitation Center	
14. Wayne Nursing & Rehabilitation Center	
15. Webster Nursing & Rehabilitation Center	
16. Wyoming Nursing & Rehabilitation Center	
17. Mercer Nursing & Rehabilitation Center	
Subtotal FOR STANDARD ENGAGEMENTS COSTS Year 3	

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**WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
AUDIT GUIDE FOR LONG TERM CARE FACILITIES**

FACILITY NAME

xx/xx/xxxx - xx/xx/xxxx

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
AUDIT GUIDE INDEX

I. ENGAGEMENT PLANNING.....	Page 1
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XII. RESIDENT FUNDS.....	Page 9
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WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
AUDIT GUIDE FOR LONG TERM CARE FACILITIES

I. ENGAGEMENT PLANNING

	Date	Initials	Reference
1 Send provider engagement letter notifying them of examination			C2
2 Perform review of submitted cost report and provider submitted work papers. Note any unusual entries, adjustments, allocations or reclassifications.			C1
3 Perform review of rate calculations. Note any unusual or significant variances in provider's reported allowable costs between periods and compare allowable costs to applicable caps. Also calculate planning material amounts by determining the dollar amount of cost standards compared to allowable costs. For any unusual or significant variances noted, determine whether scope of examination should be modified; consider any such issues noted in testing of general ledger to cost report tie-in and suspect account analysis (Step 15 of this section). Document the conclusions and any effect on the examination scope in a narrative memorandum.			C3a-d
4 For all rate components that have increased from the previous period and exceed to applicable cap, perform additional testing to isolate the account(s) creating the variance and test to ensure the variance is not the result of error.			C3e
5 Perform review of facility appraisal reports and depreciation schedule. Note any additions or renovations occurring during the examination periods.			C1 & C4
6 Perform review of prior year reports and examinations in OAMR files. Note adjustments and appeals.			C1 & C5
7 Discuss with Division of Rate Setting staff their awareness of any provider issues or complaints that would affect the scope of the engagement. Discuss evaluation of materiality and document any effect on engagement scope.			C1
8. Request that Division of Rate Setting staff prepare electronic adjusted rate worksheets for each cost report period audited.			C1 & A3
9 -Make arrangements with provider to begin field work. This includes sending a confirmation letter regarding the date and time of the entrance conference and sending the provider a list of information required at the entrance conference.			C6
10 Forward a copy of the Internal Control Questionnaire to provider for completion and return to OAMR prior to beginning of field work.			C7
11 Forward a copy of Resident Trust Fund Questionnaire to provider for completion.			C7
12 Arrange for a discussion with the appropriate provider personnel to discuss in detail the individual items on the Audit List, the Internal Control Questionnaire and Resident Trust Fund Questionnaire. If feasible, arrange for this discussion to occur on site. If not, via conference call that includes all parties that may be involved in preparing or providing items requested for the audit. Ensure that the items on the audit list are discussed with the provider and that understanding of what is needed is achieved, as well as understanding that the items should be available when the field work begins (if not provided electronically prior to field work). In addition to the items on the Audit List, discuss the following:			C1
a Adequacy and access to providers records			
b Provider's personnel who will be the primary contact person providing necessary documentation (including email, fax number and telephone number)			

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WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

I. ENGAGEMENT PLANNING (continued)

- 13 Review the completed Internal Control Questionnaire in order to obtain an understanding of the following
- a Control Environment
 - b Accounting System
 - c Reporting Process
- 14 Using the beginning and ending check numbers from the completed Internal Control Questionnaire, select a sample of disbursements from operating (i.e. non-payroll) bank accounts for substantive testing. Request that the provider complete and return an electronic (Excel) work sheet containing the following elements for each disbursement selected: check number date amount payee general ledger account posting
15. Prepare a work paper to determine "suspect accounts" to compare amounts reported by cost center for each period examined. Calculate the variance between periods and identify the accounts with significant variances for additional testing

Date Initials Reference

		C8 & C9
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		C1 & G3
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		G2a
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II. ENTRANCE CONFERENCE

- 1 Provide introductions of engagement team and identify facility personnel that will be available to assist the team
- 2 Discussions with provider should include (but not limited to) the following:
- a Working area for the engagement team
 - b Changes in the provider's operation
 - c Changes in accounting methods or principles applied
 - d Changes in key personnel
 - e Significant accounting or reporting problems
 - f Findings of internal or external audits
 - g Changes or issues in any facility software or hardware (or other system)
 - h Conversions/changes occurring during the examination period that could affect testing
 - i Adjustments to census statistics as originally reported
 - j Other issues as necessary
- 3 If additional issues are found as a result of the entrance conference that affect the scope of the engagement document in a narrative memorandum; if no such issues are noted mark N/A at

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WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
AUDIT GUIDE FOR LONG TERM CARE FACILITIES

III. PRELIMINARY WORK

	Date	Initials	Reference
1 Conduct a tour of the provider's facility to become familiar with operations. Using the depreciation schedule and latest appraisal, physically observe additions, renovations, construction in progress, and any major equipment purchases. Document items reviewed on appraisal. Note any significant additions or changes not included in the appraisal or depreciation schedule on a separate work paper.			C1
2 Review the Board of Director's Minutes, noting capital expenditures, changes in contracts, leasing arrangements, management contracts, salary and revenue increases.			C1
3 Perform a reconciliation of Medicaid Cost Report to the provider's general ledger/trial balance for a sample of the cost report periods under examination.			C1 & C10
a. Agree amounts, account titles and account numbers per facility general ledger to WV Medicaid Grouping Report.			
b. Review general ledger expense accounts for appropriate classification within the cost report cost centers (i.e., nature of expenses for particular general ledger accounts is appropriately classified to commensurate cost center on cost report).			
c. Agree amounts per WV Medicaid Grouping Report to cost report.			
4. If available, perform review of annual external audit reports. Document any items noted that impact the scope of the engagement or planned procedures.			C1 & C11
5 Obtain copies of the Federal corporate or partnership tax returns for years under examination.			C1 & C12
6. Ask facility administrator and CFO if they are aware of any instances of fraud or mismanagement that have occurred (not specifically limited to the period of the audit).			C1
7 Expand audit scope and testing as necessary to obtain an understanding and quantify any issues noted in performance of Step 6 above.			C1
8 Document the results of the above testing, conclusions and any adjustments to engagement scope in a narrative memorandum.			C1

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WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

IV. STATISTICS (CENSUS)

Date Initials Reference

- 1 Select one month for each cost report period included in the engagement and perform the following:
 - a Mathematically test midnight census documentation for accuracy and tie selected midnight census to resident day summaries
 - b Mathematically test resident day summaries and tie to census reported by category on the cost report
 - c If errors are noted in the above testing, expand testing for cost report periods for which errors are noted by selecting additional months for testing.
 - d Summarize any adjustments needed to census based on the above testing

- 2 In examination planning the facility was requested to provide a listing of bed reservation days from one selected month during each cost report period (for months with bed reservation days per the WV Medicaid Paid Days Report) Using the listings provided by the facility, examine supporting documentation to ensure the appropriateness of bed reservation days paid by Medicaid to include the following:
 - a. Calculate the facility occupancy for the midnight census prior to the individual's departure from the facility to ensure that it was above 95% (in accordance with Chapter 514, Section 514 10 of the Medicaid Provider Manuals)
 - b. Summarize any bed reservation days that were inappropriately billed based on the above testing

- 3 Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper

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**WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
AUDIT GUIDE FOR LONG TERM CARE FACILITIES**

V. PAYROLL

Date Initials Reference

- 1 Perform a reasonableness test of total wages per cost report to wages on the provider's IRS Form 941 wage tax return or other payroll tax form based on wages. Document the reasons for any variance noted in which the cost report wages exceed the wages reported on the Form 941 by a significant amount. Expand testing as necessary to verify the reasons for such variances

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- 2 If payroll is allocated to cost centers determine if the allocation methodology is reasonable

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- 3 Select one payroll period and test for the following:

- a Gross pay per payroll is mathematically correct
- b Gross to net pay per payroll is mathematically correct
- c Time card ties to payroll register
- d Trace postings from the payroll register to the general ledger

		E3
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- 4 Review time records for administrative personnel to ensure compliance with Section 514 31.1 of Chapter 514 of the WV Medicaid Provider Manuals.

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- 5 Confirm the time records work efforts and classifications for employees related to owners and or management

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- 6 Review any bonuses accrued and/or paid

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- 7 Review documentation of fringe and employee benefits. Document any benefit and/or bonus plans that are not equally applicable to all employee classes.

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- 8 Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper

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VI. RESTORATIVE

- 1 Identify the types of therapies being administered at the facility and determine if the therapies are being performed by facility employees or by outside contract (e.g. Physical Therapy, Speech Therapy, Inhalation Therapy, Occupational Therapy)

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- 2 Obtain explanation for material variances of total Restorative costs reported between FASR periods audited

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- 3 If therapies are being performed by an outside contractor, obtain a copy of the current contract and select a sample of transactions and trace to supporting invoices and cancelled checks. Mathematically test the accuracy of the invoices by recalculating against the contract rate

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- 4 Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper

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WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

VII. EXPENSES

- 1 Using the worksheet prepared in Section I, Step 14, request and review the following for the sampled items:
 - a Original invoice,
 - b Canceled check (or electronic image),
 - c General ledger posting (noting appropriateness of general ledger account in relation to type of expense),
 - d Approval by appropriate facility staff
- 2 Review the general ledger account details supporting the accounts identified in the suspect account analysis in Section I, Step 15 Judgmentally select a sample of postings from these accounts and vouch to appropriate supporting documentation
3. Review for personal expenses of the owner/administrator paid by the facility and reported on the cost report
- 4 Determine whether the results of testing in Step 1 and 2 above indicate cost shifting between cost centers to avoid ceiling limitations or to maximize incentives. If any such shifting is indicated, expand expense testing as necessary to quantify the adjustment needed to remove the effects of shifted costs.
- 5 Review the provider's mileage log for existence and appropriateness. Review general ledger vehicle expense accounts for insurance or other vehicle expenses and determine whether such expenses have been appropriately reclassified to cost report page WV24 Non-Allowable Vehicle Expenses
- 6 Determine whether working capital interest is included in the cost reports and whether it is appropriate per Section 514 30 6 of Chapter 514 of the WV Medicaid Provider Manuals
7. Using the related party detail list requested during engagement planning determine if any related parties exist and if so determine the nature of any relationships. Judgmentally select individual items from the related party detail list for substantive testing to include examination of the facility's calculation to remove profit and ensure that the transaction is reported at cost. If any transactions are noted in the testing that include related party profit, expand the testing to quantify the amount of related party profit adjustment needed. Document the nature of any related party transactions noted as well as any adjustments needed in a narrative memorandum
- 8 Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper

Date Initials Reference

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		G1 or G6
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		G1 or G7
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		G1
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WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

VIII. HOSPITAL-BASED FACILITY COST ALLOCATION

- 1 Obtain the allocation work papers and discuss with appropriate provider personnel the allocation methodologies. If facility is not hospital-based; mark N/A at right
- 2 Vouch amounts per account on the allocation work papers to general ledger. Document any balances that do not agree
- 3 Trace amounts per account on the allocation work papers to the FASR Grouping Report. Document any balances that do not agree
- 4 Perform a test of the allocation work papers to determine whether accounts are properly classified to either an allowable cost center or non-allowable costs. Document any exceptions to
- 5 Compare the allocation methodologies used on the allocation work papers to the Medicare cost report allocation methodologies. Discuss any differences between the allocation for Medicare cost reporting and the WV Medicaid cost report with facility management and document the
- 6 Review the square footage to identify any changes from prior examination period allocation
- 7 Review resident meal counts. If an actual meal count was not used meals should equal three times in-patient days
- 8 Discuss with appropriate provider personnel any issues or exceptions noted in the above testing.
- 9 Document the results of the above testing in a narrative memorandum to indicate any necessary adjustments based on the above testing

Date	Initials	Reference
		H1

Sample 1-HHR 12070 Auditing of LT Financial and Statistical Report

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

IX. HOME OFFICE COSTS

1. Document (or obtain documentation of) services provided to the facility by the Home Office. Inquire of facility management how the services provided by the home office benefit resident care as required by Section 514.30.9, Chapter 514 of the WV Medicaid Provider Manuals. Document the response to this inquiry. Reconcile home office costs reported on the FASR to the home office trial balance.
2. Obtain Home Office General Ledgers that support Home Office Expenses. Review for allocation reasonableness and allowability.
3. Review the home office allocation to determine the propriety of the allocation method and for reasonableness and allowability. Determine whether the allocation was based on resident days (in accordance with Section 514.30.9 of Chapter 514 of the Medicaid Provider Manuals). If an allocation method other than resident days was used, review approval for change from WVDHHR or Medicare Intermediary.
4. Perform a reasonableness test of Home Office expenses by comparing amount of Home Office costs per cost reports to amount of Home Office cost reported to Medicare for the commensurate period. Document any variances and determine whether additional testing is warranted.
5. Review home office expenses for reasonableness and allowability. Ensure that home office expenses do not include personal expenses of owners. The review should include but not be limited to those accounts/account classifications tested when auditing an independent non-chain facility.
6.
 - a. If applicable, request a list of home office employees that include classifications and salaries. Review for reasonableness and determine employees are performing necessary functions related to patient care. Verify documentation of time worked.
 - b. If applicable, document details of any applicable bonus programs. Inquire how bonuses are earned and accrued.
7.
 - a. Request an amortization schedule and supporting documentation of interest expense. Review for non-allowable interest expense such as automobile purchases.
 - b. Determine whether working capital interest is included in the cost reports and whether it is appropriate per Section 514.30.6 of Chapter 514 of the WV Medicaid Provider Manuals.
8. Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper.

Date Initials Reference

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X. MANAGEMENT FEES

1. Review Management Agreement Contract. Obtain a copy for OAMR files and document whether management fees paid to related parties are reported on page WV24, Non-allowable Expenses (in accordance with Section 514.30.9 of Chapter 514 of the Medicaid Provider Manuals).
2. Determine the basis used to calculate the management fees for the period under audit.
3. Review the transaction register and identify all management fees paid.
4. Ensure that payments are calculated in accordance with the management agreement and that they do not exceed allowable amounts.
5. Document whether duplication of services is noted in above testing.

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WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING
AUDIT GUIDE FOR LONG TERM CARE FACILITIES

XI. REVENUES

Date Initials Reference

- 1 Reconcile facility general ledger revenue to cost report revenue Document the reasons for significant variances noted
2. Review miscellaneous and other income accounts Determine if these accounts are required to be offset against expenses Examples requiring offset are:
 - a Interest Income
 - b Sale of Meals
 - c Rental of facility space

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XII. RESIDENT FUNDS

- 1 Review the Resident Fund Questionnaire completed by the provider for inclusion with the report
- 2 Select one month and test reconciliation process for all residents Reconcile the sum of cash in the bank and petty cash (if applicable) to the subsidiary records as of the statement date
3. Verify that interest earned is credited to the residents' account
- 4 Determine whether funds are being held for discharged residents If any are noted, determine the method of disposition
- 5 Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper

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XIII. MEDICAID CREDIT BALANCES

- 1 Compare Account Receivable Aging Report balances to the facility's general ledger Reconcile any differences noted
2. Review accounts receivable aging report and/or resident ledger cards as of the last date in the engagement period to identify any credit balances which might indicate duplicate payments (third party payments) or other overpayments
3. Inquire as to whether or not there exist any unapplied credits to resident accounts; If so review and determine whether any are related to periods under examination and if recoupment is appropriate
- 4 If credit balances are found to exist for Medicaid residents review documentation to determine the amount of recoupment (if any) that is necessary. Create a list of credit balances to include account number (if any), name, amount
5. Document the results of the above testing, findings and adjustments, and conclusions in a narrative memorandum or summary work paper

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		M2
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		M1
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WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTING AUDIT GUIDE FOR LONG TERM CARE FACILITIES

XIV. CONCLUSIONS

- 1 Schedule exit conference to discuss findings or issues noted during fieldwork. Provide any information needed by provider to resolve findings or issues. NOTE: Do not copy work papers; provide details (i.e. account number, amount, invoice numbers, check numbers, patient names, etc.)
2. Provide to Division of Rate Setting staff list of all proposed and passed adjustments (including mapping to cost report page and line) for evaluation of potential impact to adjusted rate
3. Prepare a draft report containing all proposed findings and adjustments
- 4 Provide a copy of the draft report to the provider. Allow provider ten working days to supply any additional information or documentation
- 5 Review any additional provider documentation submitted during 10 day draft report review period. Make necessary revisions to report
- 6 Calculate adjusted rate incorporating all proposed findings and adjustments.
- 7 Issue final report containing all cost report and rate adjustments to Bureau for Medical Services. Include BMS Letter and any supporting documentation when received

Date Initials Reference

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		B3
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		B3-B4
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		B5
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		A3-A4
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		A1-A4
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Sample 2

HHR12070 Auditing of Long Term Care Financial and Statistical Report (LTC-FASR)

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
OFFICE OF ACCOUNTABILITY AND MANAGEMENT REPORTINGFORMAT FOR LISTING FINDINGS OF
NON-COMPLIANCE AND ADJUSTMENTS

The following format shall be used to describe findings noted in the examination of LTC-FASR's resulting in adjustments to the amounts reported:

Finding Number ____:

Criteria: Describe criteria applicable to the finding, including rule citations, etc.

Condition: Summarize the finding noted, included the cost report period, LTC-FASR cost center charged, page/line mapping to LTC-FASR field affected, account description, and quantification of cost or census error (the table below is an example; columns/rows may be added as necessary to sufficiently explain the issue and adjustment needed).

Cost Report Period	FASR Cost Center	Page/Line	Account Number/Title	Amount Reported per FASR	Correct Amount	Adjustments and Amount (dollars, days, etc.)

Cause: Describe cause (i.e. reason represented by facility, inadequacy of internal controls, etc.).

Effect or Potential Effect: Describe the effect of the findings on the LTC-FASR

Recommendations: Describe any recommendations (i.e. improvements or changes to internal control or facility procedures) that would prevent this type of finding from occurring again in a future period.

The following provides an example of a census adjustment for an engagement covering cost reports from 1/1/2003 through 12/31/2005:

Finding Number 2005-1 Census Error

Criteria: Per section 528 of the West Virginia Medicaid Provider Manual Chapter 500, Volume 15 Covered Services, Limitations and Exclusions, for Nursing Facility Services:

"Financial and Statistical records must be maintained by the facility to support and verify the information submitted on the cost reports."

Sample 2-continued

HHR12070 Auditing of Long Term Care Financial and Statistical Report (LTC-FASR)

Condition: For the six-month period ended June 30, 2005 the facility reported 1,525 total census days; however the facility's records indicated that the actual census was 1,575 for that period. The difference of 50 days was due to an adjustment of days in the "Private Pay" category that was not included when the census was summarized for the month of May 2005.

Cost Report Period	FASR Cost Center	Page/Line	Account Number/Title	Amount Reported per FASR	Correct Amount	Adjustments and Amount (dollars, days, etc.)
6/30/2005	Census	Page WV6, "Private" Line	N/A	1,525	1,575	Increase Census by 50 days

Causes: Per discussion with facility billing staff, the difference of 50 days was due to an adjustment of days in the "Private Pay" category that was not included when the census was summarized for the month of May 2005.

Effect or Potential Effect: Census days are misstated on the 6/30/2005 Financial and Statistical Report

Recommendation: It was noted during the engagement that the facility's procedure for summarizing census for inclusion in the Financial and Statistical Report does not include a review. We recommend that the facility perform a review of all data to be included on the Financial and Statistical report to ensure that it reconciles to appropriate source records and includes all necessary adjustments.

The following provides an example of a non-allowable cost adjustment for an engagement covering cost reports from 1/1/2003 through 12/31/2005:

Finding Number 2005-2-Non-Allowable Costs

Criteria: Per section 530.7 of the West Virginia Medicaid Provider Manuals Chapter 500, Volume 15 Covered Services, Limitations and Exclusions, for Nursing Facility Services:

"The cost of operating all license vehicles will be limited to the per mile rate approved by the West Virginia Travel Management Office."

Sample 2-continued

HHR12070 Auditing of Long Term Care Financial and Statistical Report (LTC-FASR)

Conditions: For the six-month period ended December 31, 2004 the facility included \$1,500 in vehicle insurance costs in Scheduled WV20A, Travel. These costs should have been reported on Schedule WV24, Vehicle.

Cost Report Period	FASR Cost Center	Page/Line	Account Number/Title	Amount Reported per FASR	Correct Amount	Adjustments and Amount (dollars, days, etc.)
12/31/2004	Administration	Page WV20A, Line 38	Account 8760, Travel	\$8,000	\$6,500	Decrease \$1,500
12/31/2004	Non-Allowable	Page WV24, Line 10	Account 9810, Vehicle	\$1,750	\$3,250	Increase \$1,500

Cause: The amount of insurance expense reclassified to non-allowable in the preparation of the Financial and Statistical Report was miscalculated, omitting the above amount from the reclassification.

Effect or Potential Effect: Allowable expenses on the Financial Statistical Report are overstated.

Recommendation: Management should ensure that all non-allowable expenses are reclassified prior to submission of the Financial and Statistical report.

HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)

Sample 3

SCHEDULE OF EXPENSES

FACILITY NAME: Anytown Nursing Home		MEDICAID #: 0001234000		
PERIOD BEGINNING: 1/1/2007		ENDING: 6/30/2007		
ACCOUNT DESCRIPTION	PER BOOKS	ADJ DR	ADJ CR	ADJUSTED
MEDICAL RECORDS & SERVICES				31,000
SALARIES	31,000	0	0	0
DIRECT BENEFITS AND TAXES	0	0	0	8,612
INDIRECT BENEFITS AND TAXES	8,612	0	0	
	<u>39,612</u>	<u>0</u>	<u>0</u>	<u>39,612</u>
SUB-TOTAL				
CONSULTANTS				13,200
MEDICAL DIRECTOR	13,200	0	0	1,854
MEDICAL RECORDS	1,854	0	0	0
UTILIZATION REVIEW	0	0	0	900
PHARMACY	900	0	0	645
SUPPLIES	645	0	0	0
OTHER	0	0	0	0
ALLOCATED / CONTRACT MED. REC	0	0	0	0
EQUIPMENT RENTAL	0	0	0	
	<u>56,211</u>	<u>0</u>	<u>0</u>	<u>56,211</u>
TOTAL MEDICAL REC. & SERVICES				
DIETARY				88,137
SALARIES	88,137	0	0	0
DIRECT BENEFITS AND TAXES	0	0	0	23,929
INDIRECT BENEFITS AND TAXES	23,929	0	0	
	<u>110,066</u>	<u>0</u>	<u>0</u>	<u>110,066</u>
SUB-TOTAL				
SUPPLIES	10,341	0	0	10,341
DISHES AND UTENSILS	486	0	0	486
CONSULTANTS	3,361	0	0	3,361
PURCHASED SERVICES	0	0	0	0
OTHER	0	0	0	98,165
FOOD	98,165	0	0	-3,378
MEAL INCOME	-3,378	0	0	0
ALLOCATED / CONTRACTED DIETARY	0	0	0	
	<u>219,041</u>	<u>0</u>	<u>0</u>	<u>219,041</u>
TOTAL DIETARY				

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

1. **Application is made for 2.5% resident vendor preference for the reason checked:**

Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,

☒ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,

Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,

2. **Application is made for 2.5% resident vendor preference for the reason checked:**

☒ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,

3. **Application is made for 2.5% resident vendor preference for the reason checked:**

Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,

4. **Application is made for 5% resident vendor preference for the reason checked:**

☒ Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,

5. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**

Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,

6. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**

Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (*West Virginia Code*, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Suttle + Stalnaker, PLLC

Signed: Chris Lambert

Date: 1/3/2012

Title: member

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

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RFQ No. HR 12070STATE OF WEST VIRGINIA
Purchasing Division**PURCHASING AFFIDAVIT**

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (*West Virginia Code §61-5-3*), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATUREVendor's Name: Suttle & Stalnaker, PLLCAuthorized Signature: Chris Lambert Date: 1/3/2012State of West VirginiaCounty of Kanawha, to-wit:Taken, subscribed, and sworn to before me this 3rd day of January, 2012My Commission expires October 4th, 2021.

AFFIX SEAL HERE

NOTARY PUBLIC



Diane D. Flint

1/2/2001

25th February 2001

Dear Sir

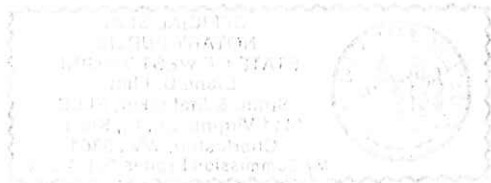
I am writing to you
regarding

the

matter of

the 25th

February 2001





State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER

HHR12070

PAGE

1

ADDRESS CORRESPONDENCE TO ATTENTION OF:

ROBERTA WAGNER
304-558-0067

*709043333 304-343-4126
SUTTLE & STALNAKER PLLC
THE VIRGINIA CENTER SUITE 100
1411 VIRGINIA STREET EAST
CHARLESTON WV 25301

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HEALTH AND HUMAN RESOURCES
INTERNAL CONTROL & POLICY
DEVELOPMENT
ONE DAVIS SQUARE, SUITE 401
CHARLESTON, WV
25301 304-558-7314

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DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
12/21/2011						
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>ADDENDUM NO. 1</p> <p>1. QUESTIONS AND ANSWERS ARE ATTACHED.</p> <p>2. ADDENDUM ACKNOWLEDGEMENT IS ATTACHED. THIS DOCUMENT SHOULD BE SIGNED AND RETURNED WITH YOUR BID. FAILURE TO SIGN AND RETURN MAY RESULT IN DISQUALIFICATION OF YOUR BID.</p> <p>EXHIBIT 10</p> <p>REQUISITION NO.: HHR12070...</p> <p>ADDENDUM ACKNOWLEDGEMENT</p> <p>I HEREBY ACKNOWLEDGE RECEIPT OF THE FOLLOWING CHECKED ADDENDUM(S) AND HAVE MADE THE NECESSARY REVISIONS TO MY PROPOSAL, PLANS AND/OR SPECIFICATION, ETC.</p> <p>ADDENDUM NO.'S:</p> <p>NO. 1 <input checked="" type="checkbox"/></p> <p>NO. 2</p> <p>NO. 3</p> <p>NO. 4</p> <p>NO. 5</p> <p>I UNDERSTAND THAT FAILURE TO CONFIRM THE RECEIPT OF THE ADDENDUM(S) MAY BE CAUSE FOR REJECTION OF BIDS. VENDOR MUST CLEARLY UNDERSTAND THAT ANY VERBAL REPRESENTATION MADE OR ASSUMED TO BE MADE DURING ANY ORAL DISCUSSION HELD BETWEEN VENDOR'S REPRESENTATIVES AND ANY STATE PERSONNEL IS NOT BINDING. ONLY THE</p>						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE			TELEPHONE		DATE	
TITLE		FEIN		ADDRESS CHANGES TO BE NOTED ABOVE		

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

GENERAL TERMS & CONDITIONS REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
 2. The State may accept or reject in part, or in whole, any bid.
 3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
 4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
 5. Payment may only be made after the delivery and acceptance of goods or services.
 6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
 7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
 8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
 9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
 10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
 11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
 12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
 13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
 14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or Fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
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ONE DAVIS SQUARE, SUITE 401
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DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS		
12/21/2011						
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
INFORMATION ISSUED IN WRITING AND ADDED TO THE SPECIFICATIONS BY AN OFFICIAL ADDENDUM IS BINDING.						
<p>Chris Lambert SIGNATURE Suttle & Stalnaker, PLLC COMPANY 1/3/2012 DATE</p>						
NOTE: THIS ADDENDUM ACKNOWLEDGEMENT SHOULD BE SUBMITTED WITH THE BID.						
REV. 09/21/2009						
END OF ADDENDUM NO. 1						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE				TELEPHONE		DATE
TITLE		FEIN		ADDRESS CHANGES TO BE NOTED ABOVE		

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

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12/21/2011						
BID OPENING DATE: 01/03/2012		BID OPENING TIME 01:30PM				
LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
001	1	JB		961-20		
PROFESSIONAL AUDITING SERVICES - CPA						
***** THIS IS THE END OF RFQ HHR12070 ***** TOTAL:						
SEE REVERSE SIDE FOR TERMS AND CONDITIONS						
SIGNATURE			TELEPHONE		DATE	
TITLE		FEIN		ADDRESS CHANGES TO BE NOTED ABOVE		

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 4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
 5. Payment may only be made after the delivery and acceptance of goods or services.
 6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
 7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
 8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
 9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
 10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
 11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
 12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
 13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.html and is hereby made part of the agreement provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
 14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
 15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
 16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.
- I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or Fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).

WV DHHR-OAMR RESPONSES TO WRITTEN VENDOR QUESTIONS RFQ HHR12070

- 1) How many cost report periods and six-month periods are there to be audited for the 17 facilities?
 - A. WV DHHR can go back five years to conduct LT-FASR audits. It is anticipated that we would assign the past 3 to five years of cost reporting comprised of two six month cost reporting periods each year. Therefore it is possible that from 6 to 10 cost reporting periods would be requested to be audited for each of the 17 facilities.
- 2) Do you know where the financial records are maintained for each facility (facility and/or home office)?
 - A. See Q & A Supplemental response "A" for general locations of facilities or home offices. Regardless of location, it is the policy of OAMR to give the Providers (10 business days) to provide requested audit information (unless reasonable extension of time is expressly approved by OAMR, due to significant circumstances). Failure by a facility or home office to respond to auditor's request for information will result in a full disallowance of any amounts unable to be corroborated as a result of their lack of response.
- 3) Where is the office located for the financial records for the audit of the home office costs?
 - A. See Q & A Supplemental response "A" for general locations.
- 4) Could you have someone provide a copy of the last audit report for each of the facilities and home office? I need the reports to determine if there are any significant and/or unusual findings noted during the audit.
 - A. As the past audit reports are not "public information" OAMR will not release them at this time, however, they are readily available and will be immediately shared with the successful bidder upon award of the contract. However, a de-identified basic audit report has been provided in Q & A Supplemental Response "B" for vendor information to illustrate the attestation engagement type of audit report that is required. The OAMR will expect that the successful vendor will prepare a report with the following elements for each of the 17 facility audits :
 - Independent Accountants' Examination Report
 - Report on Internal Control and Compliance in Accordance with Government Auditing Standards
 - Schedule of Findings and Recommendations
- 5) Is OAMR aware of any issues occurring or adjustments made to the cost report periods that will be audited for any of the 17 facilities?
 - A. OAMR is not aware of any issues occurring or adjustments made to the cost report periods that will be audited for any of the 17 facilities in Year 1. During the option Year 3 there are currently two facilities that have audit issues and/or appeals pending however, it is anticipated that those issues will be fully resolved by the time audit work for Year 3 would commence and assuming that renewal of Option Year 3 would be exercised by OAMR.
- 6) Can you identify which of the 17 facilities have a home office?
 - A. See Q & A Supplemental response "A".
- 7) Can you identify which of the 17 facilities are hospital-based?
 - A. See Q & A Supplemental response "A".
- 8) Which is the correct zip code for submission of the bid, 25311 or 25305-0130?
 - A. The correct zip code is 25305-0130.

- 9) What is the Department of Administration – Purchasing Division's office schedule during the holidays for incoming package deliveries?
- A. The schedule is irrelevant as their schedule during the holiday season does not impact processing of the RFQ.
- 10) When does DHHR anticipate awarding the contract?
- A. It is difficult to give an exact date however it is anticipated within our budget that this encumbrance would begin approximately February, 2012.
- 11) Can technical and cost information be included in the same proposal? Or would you prefer that technical and cost information be in separate proposal volumes?
- A. This is an RFQ and not an RFP therefore, both the technical and the cost response should be included as part of the same submission package.
- 12) Mandatory Requirement – Vendor Experience/Capabilities: #2 – CPA Mobility became effective in West Virginia June 5, 2008. If our staff are licensed in other states and they meet the requirements to have practice privileges in West Virginia in accordance with the Mobility legislation, would the requirement to have "at least five (5) staff hold CPA certification valid in the State of West Virginia" be met?
- A. Yes. OAMR would recognize the right to practice in West Virginia for any CPA meeting the requirements of W. Va. Code 30-9-16.
- 13) Mandatory Requirement – Vendor Experience/Capabilities: #3 & 4 – What does DHHR mean by "samples of work"?
- A. Respondent could submit listing or give examples of ways they have provided cost report training or give a sample syllabus of content of training they offer.
- 14) Scope of Work – Mandatory Requirements: #3 – We understand OAMR will perform desk reviews prior to any field audits. Will the contractor be given the desk review file for review to help with audit planning?
- A. Yes. The desk review file may be relevant to the audits in some cases. As such if information from them are needed it will be made available either by documentary evidence or through interaction with the OAMR staff as necessary.
- 15) Scope of Work – Mandatory Requirements: #4 – This requirement states "[t]he procedures for each engagement are to include, at a minimum, the procedures outlined in the OAMR Audit Guide." May a bidder propose alternative procedures to meet the audit objectives?
- A. Yes. If alternative procedures would result in meeting the objectives and assertions of the audit program then they may be utilized upon approval by OAMR.
- 16) Scope of Work – Mandatory Requirements: #11 – What is the percentage of contractor performed examinations that are appealed and what is the average number of hours a contractor would expect to spend per appeal?
- A. Approximately 3%-5% of the exams typically may result in an appeal. The amount of time a contractor would be required to spend in an appeal would depend on the issues involved. The involvement would most likely consist of response to inquiries and other preparation to assist WV Medicaid Legal department and OAMR to defend decisions of cost disallowance that may be challenged in an appeal by a provider.

Much of this preparation may be possible by conference call. OAMR will do everything possible to minimize the contractor involvement in the process and limit travel costs.

- 17) Scope of Work – Mandatory Requirements: #17 – This requires all draft reports to be submitted no later than 90 days before the contract expiration date. Is the "contract expiration date" the last day of each contract year (the base year and each of the two renewal years)?

A. Yes. This mandatory was put in the RFQ to make it clear to the contractor that all field work and reporting work must be completed within the 12-month contract period. The 90-day requirement is to allow OAMR adequate time to quality review and approve a clean final draft of the audit report prior to expiration of the contract so we may be able to approve final payment.

- 18) Scope of Work – Mandatory Requirements: #18 – The requirement says "[i]n the event that less than eight (8) LTC-FASRs cost reporting periods are to be examined in an engagement, the vendor is to adjust the per engagement fee to accommodate the reduction in work accordingly." Does this mean that the "All-inclusive Per Engagement Cost" to be included on Attachments 1-3 is to assume that all engagements will include eight (8) LTC-FASR cost reporting periods?

A. Yes. There is a possibility that this contract will be renewed for two periods after it is awarded. The language regarding six (6) to ten (10) is included so that in the event the contract is renewed OAMR may specify the number of LTC-FASRs to be included in the renewal. For the purposes of this year's contract, however, the number of LTC-FASRs has been specified as eight (8). The fee should be based on the eight (8) LTC-FASR periods specified

- 19) Price Quotations – pg. 19 – Attachment #1 does not list locations or the number of LTC-FASRs to be included in the engagement. Will that be made available?

A. Yes. See Supplement A.

- 20) Does each of the 17 facilities include eight cost reports, which would span four years?

A. Yes.

- 21) Vendor Experience/Capabilities #3 – Can you give an example of the type of samples of work to demonstrate expertise you would like to see submitted?

A. Respondent could submit listing or give examples of types or specific audit engagement clients that would demonstrate specific expertise.

- 22) Vendor Experience/Capabilities #4 – Can you give an example of the type of samples of work to demonstrate proficiency you would like to see submitted?

A. Respondent could submit listing or give examples of types or specific audit engagement clients that would demonstrate specific proficiency.

- 23) Scope of Work #1-3 – Can you provide a redacted example of the report(s) you are requesting?

A. Yes. See Supplement B.

- 24) Scope of Work #6 – Is it expected or normal that the auditors visit the home offices of chain facilities?

A. In most cases it is not expected or the norm that the auditor would have to visit the home office. Most time our internal staff is able to obtain necessary audit information through correspondence and/or conference call or by visit to the local (West Virginia) facility. OAMR would make a determination if an onsite visit were necessary.

25) Scope of Work #11 – How common is it for providers to appeal and what is the general timeframe for contractor CPAs' involvement?

A. See Answer to Question #16 on appeals and involvement of contractor.

26) Audit Guide – Will OAMR personnel perform any of the procedures?

A. OAMR staff and management will be available to provide guidance and direction relative to the provider or the OAMR Audit Program on a limited basis however, the successful contractor is expected to complete field work and reporting without expectation of reliance on OAMR for staffing needs to complete work.

27) Please provide a Facility list (pages 21 – 23 of the RFQ) indicating which locations are part of a chain of facilities and the name and location of the parent or home offices for each along with their ownership structure.

A. See Supplement A.

28) For chains with home offices outside of West Virginia, could you provide an estimate of the percentage of work to be done at the home office compared to the percentage of work to be done at the facility.

A. Most of the audit field work information required of the home office should be able to be done through phone or email correspondence with the home office and direct field work at the West Virginia facility/facilities.

29) Could you please provide the prior year total billings for the previous contract?

A. The previous contract billings stretched beyond last year and were based on completed audit reports rather than hours billed however, for year one of the previous contract amounts billed totaled about \$170,000.

30) Could you please provide any additional scope of work changes for the previous contract?

A. There were no changes impacting the scope of work for the previous contract.

31) Please provide a copy of the prior year attestation examination reports, related findings, and any other required communications letters issued on these entities from the prior period.

A. See Supplement B.

Supplemental Response "A"
HHR12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
WEST VIRGINIA DHHR OAMR
COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
YEAR 1 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>General Location</u>
1. Eagle Pointe	Home Office (Indianapolis, IN)
2. Weirton Medical Center	Hospital Based SNF
3. Guardian Elder Care at Wheeling	Hospital Based SNF
4. Arbors at Fairmont	Home Office (Milwaukee, WI)
5. Broaddus Hospital-Mansfield Place	Hospital Based SNF
6. Greenbrier Manor	
7. Pleasant Valley Nursing and Rehabilitation Center	Hospital Based SNF
8. Good Samaritan Society- Barbour County	Home Office (Sioux Falls, SD)
9. Montgomery General Elderly Care Center	
10. Grant Memorial Hospital	Hospital Based SNF
11. Montgomery General Hospital Extended Care	Hospital Based SNF
12. Morgan County War Memorial Hospital	Hospital Based SNF
13. Minnie Hamilton Health Care Center, Inc.	Hospital Based SNF
14. Roane General Hospital	Hospital Based SNF
15. St. Josephs Hospital of Buckhannon, Inc.	Hospital Based SNF
16. Summers County ARH	Hospital Based SNF
17. Summersville Memorial Hospital	Hospital Based SNF
SUBTOTAL FOR STANDARD ENGAGEMENTS COST Year 1	

Supplemental Response "A"-continued
HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
WEST VIRGINIA DHHR OAMR
COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
YEAR 2 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>General Location</u>
1. Heartland of Charleston	Chain – Home Office (Toledo, OH)
2. Heartland of Beckley WV, LLC	
3. Heartland of Keyser	
4. Heartland of Clarksburg	
5. Heartland of Martinsburg	
6. Heartland of Preston County	
7. Heartland of Rainelle WV, LLC	
8. SunBridge Care & Rehabilitation For Dunbar	Chain – Home Office (Albuquerque, NM)
9. SunBridge Care & Rehabilitation For Salem	
10. SunBridge Care & Rehabilitation for Pine Lodge	
11. SunBridge Care & Rehabilitation for Putnam	
12. SunBridge New Martinsville Health Care Center	
13. SunBridge Care & Rehabilitation for Parkersburg	
14. SunBridge Care & Rehabilitation for Glenville	
15. Holbrook Nursing Home	
16. Nella's Inc.	
17. Nellas Nursing Home, Inc.	
SUBTOTAL FOR STANDARD ENGAGEMENTS COSTS Year 2	

Supplemental Response "A"-continued
HHR 12070 Auditing of Long Term Care Financial and Statistical Reports (LTC-FASR)
WEST VIRGINIA DHHR OAMR
COST QUOTE FOR STANDARD FACILITY ENGAGEMENT
YEAR 3 ALL-INCLUSIVE COST SHEET

<u>FACILITY</u>	<u>General Location</u>
1. Huntington Health & Rehabilitation	Home Office (Houston, TX)
2. Golden LivingCenter-Glasgow	Chain – Home Office (Ft. Smith, AR)
3. Golden LivingCenter-Morgantown	
4. Golden LivingCenter-Riverside	
5. Hampshire Memorial Hospital	Hospital Based SNF
6. The Maples	
7. Clarksburg Nursing & Rehabilitation Center	Chain – Home Office (Charleston, WV)
8. McDowell Nursing & Rehabilitation Center	
9. Summers Nursing & Rehabilitation Center	
10. Fayette Nursing & Rehabilitation Center	
11. E.A. Hawse Nursing & Rehabilitation Center	
12. Lincoln Nursing & Rehabilitation Center	
13. Cameron Nursing & Rehabilitation Center	
14. Wayne Nursing & Rehabilitation Center	
15. Webster Nursing & Rehabilitation Center	
16. Wyoming Nursing & Rehabilitation Center	
17. Mercer Nursing & Rehabilitation Center	
Subtotal FOR STANDARD ENGAGEMENTS COSTS Year 3	

Q & A SUPPLEMENTAL RESPONSE "B"

**FINANCIAL & STATISTICAL REPORTS
FOR NURSING HOME**

**SIX MONTH PERIODS ENDED JUNE 30, 2004, DECEMBER 31, 2004, JUNE 30, 2005,
DECEMBER 31, 2005, JUNE 30, 2006, DECEMBER 31, 2006, JUNE 30, 2007, AND DECEMBER
31, 2007**

AND

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

Department of Health and Human Resources
Office of Accountability and Management Reporting
One Davis Square
Suite 304
Charleston, West Virginia 25301

We have examined the financial and statistical information included in the West Virginia Department of Health and Human Resources Financial & Statistical Reports for Nursing Homes of

of and for the six month periods ended June 30, 2004, December 31, 2004, June 30, 2005, December 31, 2005, June 30, 2006, December 31, 2006, June 30, 2007, and December 31, 2007. The financial and statistical information included in the West Virginia Department of Health and Human Resources Financial & Statistical Reports is the responsibility of the Provider's management. Our responsibility is to express an opinion on the financial and statistical information included in the West Virginia Department of Health and Human Resources Financial & Statistical Reports based on our examinations.

Our examinations were conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the West Virginia Department of Health and Human Resources, Office of Accountability and Management Reporting Audit Guide for Long Term Care Facilities, Revised August 2008. Accordingly this included examining on a test basis, evidence supporting the financial and statistical information included in the West Virginia Department of Health and Human Resources Financial & Statistical Reports for Nursing Homes and performing such other procedures as we considered necessary in the circumstances. We believe that our examinations provide a reasonable basis for our opinion.

Our examinations disclosed significant findings that are included in the attached Schedule Of Findings And Recommendations that, individually or in the aggregate, resulted in a material misstatement or deviation from the West Virginia Medicaid Provider Manuals and all other applicable laws, rules and regulations established by the

West Virginia Department of Health and Human Resources. Additional specific significant findings may have been found if we had conducted a complete examination of the records.

In our opinion, except for the material misstatement/deviation described in the previous paragraph, the financial and statistical information included in the West Virginia Department of Health and Human Resources Financial & Statistical Reports for Nursing Homes of the Provider referred to above present fairly, in all material respects, the financial and statistical information of the Provider as of and for the six month periods ended June 30, 2004, December 31, 2004, June 30, 2005, December 31, 2005, June 30, 2006, December 31, 2006, June 30, 2007, and December 31, 2007 in accordance with the West Virginia Medicaid Provider Manuals and all other applicable laws, rules and regulations established by the West Virginia Department of Health and Human Resources.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2010 on our consideration of the Provider's internal control over financial reporting and on our tests of its compliance with the West Virginia Medicaid Provider Manuals and all other applicable laws, rules and regulations established by the West Virginia Department of Health and Human Resources. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an examination performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our examinations.

This report is intended solely for the information and use of the West Virginia Department of Health and Human Resources, Office of Accountability and Management Reporting, and is not intended to be and should not be used by anyone other than this specified party.

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Examination Of The
Financial & Statistical Reports Performed In Accordance With
Government Auditing Standards**

Department of Health and Human Resources
Office of Accountability and Management Reporting
One Davis Square
Suite 304
Charleston, West Virginia 25301

We have examined the West Virginia Department of Health and Human Resources
Financial & Statistical Reports for Nursing Homes of

as of and for the

six month periods ended June 30, 2004, December 31, 2004, June 30, 2005, December
31, 2005, June 30, 2006, December 31, 2006, June 30, 2007, and December 31, 2007 and
have issued our report thereon dated April 20, 2010 which was qualified because our
examinations disclosed material findings that are included in the accompanying Schedule
Of Findings And Recommendations that, individually or in the aggregate, resulted in a
material misstatement or deviation from the West Virginia Medicaid Provider Manuals
and all other applicable laws, rules and regulations established by the West Virginia
Department of Health and Human Resources. We conducted our examination in
accordance with attestation standards established by the American Institute of Certified
Public Accountants and the standards applicable to attestation standards contained in
Government Auditing Standards, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our examinations, we considered Provider's internal control
over financial reporting as a basis for designing our examination procedures for the
purpose of expressing our opinion on the West Virginia Department of Health and
Human Resources Financial & Statistical Reports, but not for the purpose of expressing
an opinion on the effectiveness of Provider's internal control over financial reporting.

Accordingly, we do not express an opinion of the effectiveness on Provider's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Provider's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the accrual basis of accounting such that there is more than a remote likelihood that a material misstatement based on the Provider's internal control over financial reporting could occur. We consider the deficiencies in the accompanying Schedule Of Findings And Recommendations to be significant deficiencies in internal control over financial reporting.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the West Virginia Department of Health and Human Resources Financial & Statistical Reports for the Provider are free of material misstatement, we performed tests of its compliance with West Virginia Medicaid Provider Manuals and all other applicable laws, rules and regulations established by the West Virginia Department of Health and Human Resources, noncompliance with which could have a direct and material effect on the determination of amounts and statistics reported in the West Virginia Department of Health and Human Resources Financial & Statistical Reports. However, providing an opinion on compliance with West Virginia Medicaid Provider Manuals and all other applicable laws, rules and regulations was not an objective of our examinations, and accordingly, we do not express such an opinion. The result of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule Of Findings And Recommendations.

This report is intended solely for the information and use of the West Virginia Department of Health and Human Resources, Office of Accountability and Management Reporting, and is not intended to be and should not be used by anyone other than this specified party.

EXAMINATION OF WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN
RESOURCES FINANCIAL & STATISTICAL REPORTS

PERIODS ENDED JUNE 30, 2004, DECEMBER 31, 2004, JUNE 30, 2005,
DECEMBER 31, 2005, JUNE 30, 2006, DECEMBER 31, 2006, JUNE 30, 2007, AND
DECEMBER 31, 2007

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Finding Number 2007-1 Bed Hold Days Claimed In Error

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.10 Bed Reservation: "A nursing facility may receive Medicaid per diem reimbursement to reserve a resident's bed (bed hold) during his/her temporary absence from the facility. This is paid at the facility's established rate. The facility's occupancy must be 95% or greater the midnight before the resident leaves and there must be a waiting list for admission."

Condition: During our examination we noted that the provider billed and was paid for three bed hold days when their occupancy was below the 95% threshold.

Resident	Occupancy % day prior to transfer	Bed Hold Date(s)	Days on Bed Hold	Total Rate	Adjustment and Amount
LD	92.9%	4/1/06 - 4/2/06	2	\$162.51	\$325.02
AH	92.2%	4/2/06	1	\$162.51	\$162.51
			3	TOTAL	\$487.53

Cause: The facility did not provide a cause.

Effect or Potential Effect: Bed hold days were overstated and the facility was overpaid by Medicaid.

Recommendation: We recommend that the facility put controls in place to ensure that bed hold days are not billed when they do not meet the criteria.

Finding Number 2007-2 Census Errors

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.28 Maintenance Of Records: "Financial and Statistical records must be maintained by the facility to support and verify the information submitted on the cost reports."

Condition: During our bed hold day testing, we noted 3 bed hold days the provider billed Medicaid in error during April 2006. These adjustments are included in the table below. During our examination we determined that the census days on Page/Line WV6/Total on the Financial & Statistical Reports listed below were over or under stated as follows:

Month Ended	Per Cost Report	Per Census	Difference
January 2005	2,935	2,934	(1) Overstated
March 2006	2,839	2,870	31 Understated
April 2006	2,881	2,847 *	(34) Overstated
January 2007	2,970	2,939	(31) Overstated

* Per Census includes adjustments from finding # 2007-1 Bed Hold Days Claimed In Error

Cost Report Period	FASR Cost Center	Page/Line	Account Number and Title	Days Per FASR	Days Per Facility Records	Adjustment and Amount
6/30/2005	Census	WV6/Total	N/A	17,005	17,004	Decrease Census by 1 day
6/30/2006	Census	WV6/Total	N/A	16,701	16,698	Decrease Census by 3 days
6/30/2007	Census	WV6/Total	N/A	16,939	16,908	Decrease Census by 31 days

Cause: The facility did not provide a cause.

Effect or Potential Effect: The census days are overstated on the June 30, 2005, June 30, 2006 and June 30, 2007 of the Financial & Statistical Report.

Recommendation: We recommend that the facility put controls in place to ensure that the Financial & Statistical Report is submitted accurately.

Finding Number 2007-3 Adjustments To Home Office Allocation

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.2.6 Provider Agreement: "Payment to the nursing facility for covered items and services it furnishes on or after the effective date of the agreement will require that the facility have a record keeping capability sufficient for determining the cost of services furnished to Medicaid recipients."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.23 Reimbursement Requirements: "The West Virginia LTC reimbursement system is prospective with semi-annual rate adjustments. It is designed to treat all parties fairly and equitably, i.e., the resident, taxpayer, agency and facility. To meet these goals, complete and accurate cost data must be maintained by each facility with cost reports accurately prepared and submitted on a timely basis."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.24 Cost Finding and Reporting: "All participating facilities are required to maintain cost data and submit cost reports according to the methods and procedures specified in this chapter and the Medicaid Reimbursement Guide for Long Term Care Nursing Facilities which ever is more restrictive."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.28 Maintenance of Records: "Financial and Statistical records must be maintained by the facility to support and verify the information submitted on the cost reports... Upon request by the Department all records will be made available within ten (10) working days. If not produced within that time frame, the records will be considered non-existent... Costs found to be unsubstantiated will be disallowed and considered as an overpayment."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.29 Allowable Costs: "Reimbursement for nursing facility service is limited to those costs required to deliver care to residents."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.30.6 Working Capital Interest: "Working Capital Interest (WCI) is limited to short term loans (normal term of less than six months) taken out to meet immediate needs of daily operations. To be allowable, there must be a genuine effort by the provider to repay these notes. If no evidence of repayment is apparent and these notes are merely renewed throughout the year, the Program will not consider these to be bone fide working capital notes and the interest incurred on them will not be allowed if no justification can be made for nonpayment of the note"

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.30.9 Home Office Costs: "Home office costs are includable in the provider's cost report and are reimbursable as part of the provider's costs. Where the home office of the chain provides no services related to patient care, neither the costs nor the equity capital of the home office may be recognized in determining the allowable costs of the providers in the chain. Thus, allowable cost is limited to the lesser of (1) allowable costs properly allocated to the provider (2) the price for comparable services, facilities, or supplies that could be purchased elsewhere, taking account the benefits of effective purchasing that would accrue to each member provider because of aggregate purchasing on a chain wide basis. Home office costs that are not otherwise allowable costs when incurred directly by the provider cannot be allowable as home office costs to be allocated to providers. Costs related to nonmedical enterprises are not considered allowable home office costs. All allocated central office costs are considered administrative in nature and, therefore, must

comply with regulations governing allowability at individual facility locations. Starting with its total costs, including those costs paid on behalf of the providers (or components in the chain), the home office must delete all costs which are not allowable in accordance with program instructions."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.32 Non-Allowable Costs: "Non-allowable costs are those costs which are not related to patient care or for which a separate charge is made."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.32.4 Reorganization/Refinancing Costs: "Organization and reorganization costs are the costs incurred in the creation or restructuring of an entity. These costs are considered to be nonallowable for cost reporting and reimbursement purposes."

Criteria: Per the West Virginia Medicaid Provider Manuals Chapter 514.39.2 Field Audit: "Periodic on-site audits of the financial and statistical records of participating facilities will be conducted to assure the validity of reported costs and statistical data. Facilities must maintain records to support all costs submitted on the Financial and Statistical Report and all data to support payroll and census reports. Costs found to be unsubstantiated will be disallowed and considered as an overpayment."

Condition: During our examination of the cost reports for the six-month periods January 1, 2004 through December 31, 2007, we reviewed the Home Office Allocation to determine that the costs allocated to the Financial & Statistical Reports were allowable. Based on our review of these costs, we determined that some of the costs allocated to the Financial & Statistical Reports for the above six-month periods were non-allowable and therefore should not be included. The following is the total non-allowable cost by each six-month cost report period.

<u>Six-Month Period Ended</u>	<u>Total</u>
6/30/04	\$ 15,106
12/31/04	20,924
6/30/05	28,626
12/31/05	11,297
6/30/06	156,170
12/31/06	134,672
6/30/07	29,500
12/31/07	32,846
Total Non-Allowable Costs	<u>\$429,141</u>

Refer to the tables below that include the detail costs disallowed by the six-month cost period. The following by account titles are the types of costs that are disallowed and the reason(s) for the disallowance.

A. Legal Fees: During our review of the eight six-month cost report periods examined, we noted that management had included costs in an account titled legal fees which we

deemed to be non-allowable. The descriptions on the invoices that were deemed to be non-allowable were; liquor license, opposition to CON, restructuring,

LLC promissory note, research change in bed size, employee wrongful termination - settled, appeal of audit adjustments and other corporate matters. Reimbursement for nursing facility service is limited to those costs required to deliver care to residents. These legal fees by each six-month cost report period and the total non-allowable amounts are as follows:

<u>Six-Month Period Ended</u>	<u>Amount</u>
6/30/04	\$ 15,106
12/31/04	20,924
6/30/05	28,626
12/31/05	11,297
6/30/06	31,114
12/31/06	2,040
6/30/07	29,500
12/31/07	32,846
Total Non-Allowable Costs	<u>\$171,453</u>

B. Interest Expense: During our review of the eight six-month cost report periods examined, we noted that management had included costs in an account titled Adm - Interest Expense. We requested the loan documents to verify the terms, length, and purpose of the loan; after the review of the loan documents we noted that the loan documents stated that the loan's purpose was to refinance existing debt. Also, the loan documents referenced Exhibits A, B, C, D, and E which we requested from management and was not provided to us by management. The length of the loan was for twelve and a half months. During the exit conference the management stated that they needed to increase their line of credit from \$2,000,000 to \$3,000,000 and that is the reason the loan documents stated "Refinance existing debt" because they had to pay off the previous line of credit dated September 2, 2005. Using this reason would increase the length of the loan to fifteen and a half months, which we do not consider to be a short term loan. For the reasons stated above we have deemed the interest expense for this loan to be non-allowable. The interest expense by six-month cost report period and the total non-allowable amounts are as follows:

<u>Six-Month Period Ended</u>	<u>Amount</u>
6/30/06	\$125,056
12/31/06	132,632
Total Non-Allowable Costs	<u>\$257,688</u>

Refer to the following tables that include the accounts and costs disallowed by each six-month cost report period.

The reconciliations on the following pages by six-month cost report periods represent the original home office cost reported, less the non-allowable costs, and home office cost per

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audit. The second part of the reconciliation represents the audited home office cost allocation to each facility.

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Cost Report Period	FASR Cost Center	Page/ Line	Account Number and Title	Amount Reported per FASR	Correct Amount	Adjustment and Amount
6/30/2004	Administration	WV20/ 46	N/A Central Office Allocation From WV20	\$314,695	\$313,040	Decrease \$1,655
6/30/2004	Non-Allowable Expenses	WV24/ 23	9950 Other	\$30,498	\$32,153	Increase \$1,655
12/31/2004	Administration	WV20/ 46	N/A Central Office Allocation From WV20	\$271,381	\$269,042	Decrease \$2,339
12/31/2004	Non-Allowable Expenses	WV24/ 23	9950 Other	\$29,538	\$31,877	Increase \$2,339
6/30/2005	Administration	WV20/ 46	N/A Central Office Allocation From WV20	\$295,568	\$292,345	Decrease \$3,223
6/30/2005	Non-Allowable Expenses	WV24/ 23	9950 Other	\$32,299	\$35,522	Increase \$3,223
12/31/2005	Administration	WV20/ 46	N/A Central Office Allocation From WV20	\$284,899	\$283,678	Decrease \$1,221
12/31/2005	Non-Allowable Expenses	WV24/ 23	9950 Other	\$33,098	\$34,319	Increase \$1,221
6/30/2006	Administration	WV20/ 46	N/A Central Office Allocation From WV20	\$338,286	\$320,334	Decrease \$17,952
6/30/2006	Non-Allowable Expenses	WV24/ 23	9950 Other	\$14,014	\$31,966	Increase \$17,952

12/31/2006	Administration	WV20/ 46	N/A Central Office Allocation From WV20	\$323,263	\$307,790	Decrease \$15,473
12/31/2006	Non- Allowable Expenses	WV24/ 23	9950 Other	\$25,908	\$41,381	Increase \$15,473
6/30/2007	Administration	WV20/ 46	N/A Central Office Allocation From WV20	\$335,162	\$331,848	Decrease \$3,314
6/30/2007	Non- Allowable Expenses	WV24/ 23	9950 Other	\$13,510	\$16,824	Increase \$3,314
12/31/2007	Administration	WV20/ 46	N/A Central Office Allocation From WV20	\$295,953	\$292,243	Decrease \$3,710
12/31/2007	Non- Allowable Expenses	WV24/ 23	9950 Other	\$26,664	\$30,374	Increase \$3,710

Cause: The facility did not provide a cause.

Effect or Potential Effect: Allowable expenses on the Financial & Statistical Report are overstated.

Recommendation: We recommend that the facility put controls in place which will ensure home office expenses that are non-allowable are classified in the proper non-allowable account and not allocated to the cost report.

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Request for Proposal No. HHR12070

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Company: <u>HAYFLICH & STEINBERG</u>	<u>8 STONECREST DRIVE, HUNTINGTON, WV 25701</u>	PHONE <u>304-697-5700</u> TOLL FREE
Rep: <u>RICHARD ESKINS</u>		FAX <u>304-697-5704</u>
Email Address: <u>ESKINS@HAYFLICH.NET</u>		
Company: <u>MYERS & STAUFFER</u>	<u>4000 WESTCHASE BLVD, SUITE 450</u>	PHONE <u>919-829-7306</u> TOLL FREE
Rep: <u>ZACHARY DONAHUE</u>	<u>RALEIGH, NC 27607</u>	PHONE <u>877-829-7306</u> TOLL FREE
Email Address: <u>ZDONAHUE@MSLC.COM</u>		FAX <u>919-829-8870</u>
Company: <u>Suttle & Stalaker</u>	<u>1411 Virginia St. E Suite 100</u>	PHONE <u>304-343-4126</u> TOLL FREE
Rep: <u>Chris Lambert</u>	<u>Charleston, WV 25301</u>	PHONE <u>800-788-3844</u> TOLL FREE
Email Address: <u>cs Lambert@suttlecpas.com</u>		FAX <u>304-343-8008</u>
Company: <u>Suttie & Stalaker PLLC</u>	<u>1411 Virginia St. E. Suite 100</u>	PHONE <u>304-343-4126</u> TOLL FREE
Rep: <u>Chris Denese</u>	<u>Charleston WV 25301</u>	PHONE <u>800-788-3844</u> TOLL FREE
Email Address: <u>cdeneese@suttlecpas.com</u>		FAX <u>(304)-343-8008</u>
Company: <u>Clifton Gundersen</u>	<u>4461 Cox Rd, Suite 210</u>	PHONE <u>804-270-7200</u> TOLL FREE
Rep: <u>Libby Short</u>	<u>Elon Allen VA 23060</u>	PHONE <u>804-270-7200</u> TOLL FREE
Email Address: <u>libby.Short@cliftoncpa.com</u>		FAX <u>804-270-2311</u>

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Company: PHBV Partners (effective 1/18/12)	4461 Cox Road, Suite 210	PHONE 804 270-2200
Rep: Kelly Bultema	4461 Cox Road, Suite 210	TOLL FREE
Email Address: Kelly.Bultema@cliftoncpa.com	Cylen Allen, VA 23060	FAX 804 270-2311
Company: Tichenor & Associates, LLP	304 Middletown Park Place, Ste. C	PHONE (502) 245-0715 ext. 108
Rep: Betsy DeBord	Louisville, KY 40243	TOLL FREE
Email Address: wtichenor@tichenorassociates.com		FAX (502) 245-0725
Company: Smith Cochran & Hicks R.L.L.C.		PHONE 304-345-1151
Rep: Chuck Smith		TOLL FREE
Email Address: ChuckSmith@Schcpa.Com		FAX 304-346-6731
Company:		PHONE
Rep:		TOLL FREE
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