



# Examination of Brandywine Nursing Long-Term Healthcare Facility

June 30, 2017

# Brandywine Nursing Long-Term Healthcare Facility

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## Independent Accountant's Report

State of Delaware  
Office of Auditor of Accounts  
Department of Health & Social Services  
Division of Social Services Medicaid  
Dover, Delaware

We have examined management's assertions that Brandywine Nursing (the "Facility") has complied with federal requirements (42 CRF 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D), as applicable, relative to the Facility's fiscal records of the Department of Health and Social Services ("DHSS"), Division of Social Services, Medicaid Long-Term Care Facilities' Statement of Reimbursement Costs for Skilled and Intermediate Care Nursing Facilities - Title XIX and Nursing Wage Survey ("Statement" and "Survey", respectively) for the fiscal year ended June 30, 2017. The Facility's management is responsible for the assertions. Our responsibility is to express an opinion on the assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and United States Government Accountability Office, *Government Auditing Standards* and accordingly included examining, on a test basis, evidence supporting management's assertions and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, except for the items listed as adjustments on the accompanying Schedule of Adjustments on pages 4-7 and the deviation related to the filing of the Nursing Wage Survey, management's assertions referred to above are fairly stated, in all material respects, based on the federal requirements (42 CRF 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D).

In accordance with *Government Auditing Standards*, we also issued our report dated August 7, 2020 on our consideration of the Facility's internal control over reporting for the Statement and Survey and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 internal control over financial reporting and compliance. That report is an integral part of an examination performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.



This report is intended solely for the information and use of the Office of Auditor of Accounts of the State of Delaware, the Department of Health and Social Services of the State of Delaware, the Board of Directors and management of the Facility, Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Office of the State Treasurer and the Department of Finance. However, under 29 Del. C., Section 10002, this report is available to the public and its distribution is not limited.

BDO USA, LLP

August 7, 2020

## Brandywine Nursing Long-Term Healthcare Facility

### Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey

Year ended June 30, 2017

Description	Page	Line	As Filed Amounts	Examination Adjustments		Adjusted Amounts	Adjusted Cost Per Day	Note Ref.
				No.	Amount			
<b><u>PART I - COST REPORT TRIAL BALANCE AND ADJUSTMENTS</u></b>								
<b><i>Primary Patient Care Costs (lines 1-5)</i></b>								
Nursing Staff Salaries								
Agency Costs	2	1a	\$ 609,635	\$ -	\$ 609,635.00			
Staff Nurse	2	1b	4,848,489	-	4,848,489			
			5,458,124	-	5,458,124			
Nursing Staff Benefits	2	2	942,645	-	942,645			
Nursing Training Salaries	2	3	-	-	-			
Other	2	4	7,200	-	7,200			
<b>Subtotal - Primary Patient Care Costs</b>	<b>2</b>	<b>5</b>	<b>6,407,969</b>	-	<b>6,407,969</b>		<b>\$ 106.30</b>	
<b><i>Secondary Patient Care Costs (lines 6-14)</i></b>								
Clinical Consultants	2	6	-	-	-			
Social Services	2	7	173,509	-	173,509			
Employee Benefits	2	8	32,568	-	32,568			
Raw Food	2	9	465,718	-	465,718			
Medical Supplies	2	10	373,288	-	373,288			
Pharmacy	2	11	54,041	-	54,041			
Other - Allowable Ancillary	2	12	-	-	-			
<b>Subtotal - Secondary Patient Care Costs</b>	<b>2</b>	<b>14</b>	<b>1,099,124</b>	-	<b>1,099,124</b>		<b>18.23</b>	
<b><i>Support Service Costs (lines 15-22)</i></b>								
Dietary	2	15	904,378	-	904,378			
Operation and Maintenance of Facility	2	16	650,871	-	650,871			
Housekeeping	2	17	462,496	-	462,496			
Laundry & Linen	2	18	94,298	-	94,298			
Patient Recreation	2	19	316,529	-	316,529			
Employee Benefits	2	20	311,314	-	311,314			
Other	2	21	-	-	-			
<b>Subtotal - Support Service Costs</b>	<b>2</b>	<b>22</b>	<b>2,739,886</b>	-	<b>2,739,886</b>		<b>45.45</b>	

## Brandywine Nursing Long-Term Healthcare Facility

### Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey, continued

Year ended June 30, 2017

<u>Description</u>	<u>Page</u>	<u>Line</u>	<u>As Filed Amounts</u>	<u>Examination Adjustments</u>		<u>Adjusted Amounts</u>	<u>Adjusted Cost Per Day</u>	<u>Note Ref.</u>
				<u>No.</u>	<u>Amount</u>			
<i>Administrative &amp; Routine Costs (lines 23-32)</i>								
Owner/Executive Director Salary	2	23	133,348		-	133,348		
Medical and Nursing Director Salary	2	24	97,722		-	97,722		
Other Administrative Salaries	2	25	565,109		-	565,109		
Employee Benefits	2	26	154,054		-	154,054		
Medical Records	2	27	-		-	-		
Training	2	28	-		-	-		
Interest - Working Capital	2	29	-		-	-		
Home Office - Admin	2	30	373,611		(23,850)	349,761		GG-1
Other	2	31	402,666		-	402,666		
Quality Assessment/Provider Tax	2	31A	-		-	-		
<b>Subtotal - Administrative &amp; Routine Costs</b>	<b>2</b>	<b>32</b>	<b>1,726,510</b>		<b>(23,850)</b>	<b>1,702,660</b>	<b>28.24</b>	
<i>Capital Costs (lines 33-39)</i>								
Lease Costs	3	33	-		-	-		
Interest - Mortgage	3	34	58,224		-	58,224		
Property Taxes	3	35	98,124		-	98,124		
Depreciation	3	36	247,911		-	247,911		
Home Office Capital	3	37	-		22,420	22,420		GG-1
Other	3	38	-		-	-		
<b>Subtotal - Capital Costs</b>	<b>3</b>	<b>39</b>	<b>404,259</b>		<b>22,420</b>	<b>426,679</b>	<b>7.08</b>	
<b>SUBTOTAL (lines 1-39)</b>	<b>3</b>	<b>40</b>	<b>12,377,748</b>		<b>(1,430)</b>	<b>12,376,318</b>	<b>205.30</b>	

## Brandywine Nursing Long-Term Healthcare Facility

### Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey, continued

Year ended June 30, 2017

Description	Page	Line	As Filed Amounts	Examination Adjustments		Adjusted Amounts	Adjusted Cost Per Day	Note Ref.
				No.	Amount			
<b>Ancillary Costs (lines 41-49)</b>								
Laboratory	3	41	12,777	-	-	12,777		
X-Rays	3	42	27,671	-	-	27,671		
Physical Therapy	3	43	403,943	-	-	403,943		
Occupational Therapy	3	44	322,676	-	-	322,676		
Speech Therapy	3	45	111,157	-	-	111,157		
Pharmacy (Rx)	3	46	343,669	-	-	343,669		
Oxygen	3	47	5,342	-	-	5,342		
Non Allowable Expenses	3	48	-	-	-	-		
<b>Subtotal - Ancillary Costs</b>	<b>3</b>	<b>49</b>	<b>1,227,235</b>	<b>-</b>	<b>-</b>	<b>1,227,235</b>	<b>20.36</b>	
<b>Other Costs (lines 50-52)</b>								
Gift, Beauty Shop, etc.	3	50	76,876	-	-	76,876		
Util. Review	3	51	-	-	-	-		
<b>Subtotal - Other Costs</b>	<b>3</b>	<b>52</b>	<b>76,876</b>	<b>-</b>	<b>-</b>	<b>76,876</b>	<b>1.28</b>	
<b>TOTAL COSTS</b>	<b>3</b>	<b>53</b>	<b>\$ 13,681,859</b>	<b>\$ (1,430)</b>	<b>\$ 13,680,429</b>	<b>\$ 226.93</b>		

#### PART II - COST REPORT PATIENT DAYS

Total Beds	6	1, 3	169	-	-	169		
Total Bed Days Available	6	4	61,685	-	-	61,685		
Medicaid Patient Days	6	5D	49,957	(928)	-	49,029		
Medicare Patient Days	6	5F	5,705	-	-	5,705		
Private Pay Patient Days	6	5G,H	4,649	889	-	5,538		
Other Days	6	5I	-	12	-	12		
Total Census Days	6	5J	60,311	(27)	-	60,284		K-1
90% Minimum Census Threshold	6		55,517	-	-	55,517		

# Brandywine Nursing Long-Term Healthcare Facility

## Schedule of Adjustments to the Statement of Reimbursement Cost for Skilled and Intermediate Care Nursing Facilities - Title XIX and the Nursing Wage Survey, continued

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Year ended June 30, 2017

<u>Description</u>	<u>Page</u>	<u>Line</u>	<u>As Filed Amounts</u>	<u>Examination Adjustments</u>		<u>Adjusted Amounts</u>
				<u>No.</u>	<u>Amount</u>	
<b><u>PART III - NURSING WAGE SURVEY</u></b>						
<i>Not filed - see Condition 17-001.</i>						
<b><u>PART IV - DETAILED EXPLANATION OF ADJUSTMENTS</u></b>						
GG-1 <i>To adjust Home Office Costs to actual per Home Office Cost Report.</i>						
K-1 <i>To adjust Census data to agree to supporting documentation.</i>						

## **Independent Accountant’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Examination of Financial Statements Performed in Accordance With *Government Auditing Standards***

State of Delaware  
Office of Auditor of Accounts  
Department of Health & Social Services  
Division of Social Services Medicaid  
Dover, Delaware

We have examined management’s assertions that Brandywine Nursing (the “Facility”) has complied with federal requirements (42 CRF 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D), as applicable, relative to the Facility’s fiscal records of the Department of Health and Social Services (DHSS), Division of Social Services, Medicaid Long-Term Care Facilities’ Statement of Reimbursement Costs for Skilled and Intermediate Care Nursing Facilities - Title XIX and Nursing Wage Survey (“Statement” and “Survey”, respectively) for the fiscal year ended June 30, 2017, and have issued our report thereon dated August 7, 2020. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to financial examinations contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

### **Internal Control Over Reporting**

In planning and performing our examination, we considered the Facility’s internal control over financial reporting in order to determine our examination procedures for the purpose of expressing our opinions on management’s assertions, but not for the purposes of expressing an opinion on the effectiveness of the Facility’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Facility’s internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Statement or Survey will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 17-001 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Facility's Statement and Survey are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of reported amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, and accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance, described in the accompanying schedule of findings and scheduled costs as item 17-001, that is required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Facility's internal control or on compliance. This report is an integral part of an examination performed in accordance with *Government Auditing Standards* in considering the Facility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Office of Auditor of Accounts of the State of Delaware, the Department of Health and Social Services of the State of Delaware, the Board of Directors and management of the Facility, Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Office of the State Treasurer, and the Department of Finance. However, under 29 Del. C., Section 10002, this report is available to the public and its distribution is not limited.

BDO USA, LLP

August 7, 2020

# Brandywine Nursing Long-Term Healthcare Facility

## Schedule of Findings and Responses

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*June 30, 2017*

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### **CURRENT YEAR CONDITIONS**

#### **CONDITION 17-001**

**Condition:** During our testing over the Nursing Wage Survey, we noted that the Facility did not submit the first four pages of the Survey, and instead only submitted the supplemental schedules. The supplemental schedules provide detail on the nursing payroll and agency information for the Survey, but do not include all the pertinent information, including Facility and preparer information, as well as pay increase information.

**Criteria:** The State of Delaware require Facilities to submit a complete Nursing Wage Survey for a specified period each year. It further requires the Facility to maintain a copy of the completed Survey and supporting documentation on file for reference.

**Cause:** The Survey filed by the Facility did not contain the first four pages of the Survey. Instead it only included the supplemental schedules.

**Effect:** Not filing the Survey in its entirety is both a significant deficiency and an item of non-compliance. Consequently, the schedules that were filed were incomplete, and the preparation and review process had a significant deficiency in internal control in that the error was not detected or prevented in a timely manner.

**Suggestion:** Facility management should implement proper internal controls in order to ensure that the Survey and related documentation are submitted and maintained in an appropriate manner..

**Management's  
Response:** NONE.