



# ATLANTIC SHORES REHABILITATION AND HEALTH CENTER

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LONG-TERM CARE FACILITY EXAMINATION  
FISCAL YEAR ENDED JUNE 30, 2022

The background features a blurred medical scene with a patient lying down. A green semi-transparent overlay covers the left and top portions of the image. Overlaid on this are various medical icons: a syringe, a pill, a virus, a stethoscope, a clipboard, and a group of three people. A large green cross is centered over the patient's chest. The right side of the image is a dark grey diagonal gradient.

**STATE OF DELAWARE  
OFFICE OF AUDITOR OF ACCOUNTS**

**INDEPENDENT ACCOUNTANT'S REPORT**

**Examination of  
Atlantic Shores Rehabilitation and Health Center  
For Fiscal Year Ended June 30, 2022**



**MYERS AND  
STAUFFER** LC  
CERTIFIED PUBLIC ACCOUNTANTS

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### Independent Accountant's Report

State of Delaware  
Office of Auditor of Accounts  
401 Federal Street  
Dover, DE 19901

Department of Health and Social Services  
Division of Medicaid and Medical Assistance  
Medicaid's Long Term Care Facilities  
1901 N. Dupont Highway, Lewis Building  
New Castle, DE 19720

Provider: Atlantic Shores Rehabilitation and Health Center  
Period: Fiscal Year Ended June 30, 2022

We have examined management's assertions that Atlantic Shores Rehabilitation and Health Center (Provider) has complied with federal requirements (42 Code of Federal Regulations [CFR] 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D) (criteria), as applicable, relative to the Provider'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 (cost report and survey, respectively) for the fiscal year ended June 30, 2022. The Provider's management is responsible for the assertions and the information contained in the cost report and survey, which were reported to DHSS for purposes of the criteria described above. The criteria was used to prepare the Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey. Our responsibility is to express an opinion on the assertions based on our examination.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our engagement.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are in accordance with the criteria in all material respects. An examination includes performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our professional judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

The accompanying Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey were prepared from information contained in the Provider's cost report for the purpose of complying with the DHSS's requirements for the Medicaid program reimbursement, and is not intended to be a complete presentation in conformity with accounting principles generally accepted in the United States of America.

The items listed as adjustments on the accompanying Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey do not materially impact the Provider's assertion.

In our opinion, management's assertions, referred to above, are presented in accordance with the criteria, in all material respects.

In accordance with *Government Auditing Standards*, we also issued our report dated December 1, 2025 on our consideration of the Provider's internal control over reporting for the cost report 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 State of Delaware Office of Auditor of Accounts, DHSS, Division of Medicaid and Medical Assistance, and Medicaid's Long Term Care Facilities and is not intended to be and should not be used by anyone other than the specified parties. However, under 29 Del. C. §10002, this report is public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, the Office of the Controller General, the Office of the Attorney General, the General Assembly, and the Office of Management and Budget.

*Myers and Stauffer LC*

Myers and Stauffer LC  
Owings Mills, Maryland  
December 1, 2025

**Atlantic Shores Rehabilitation and Health Center**  
**Schedule of Adjustments to the Trial Balance for the Fiscal Year Ending June 30, 2022**

Type of Cost	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Expenses</b>				
<b>Primary Patient Care Costs per Trial Balance of Costs</b>		\$ 8,622,599		
	<b>Adjustments to Primary Patient Care Costs</b>			
2	To reclassify ambulance expense to the appropriate cost center		\$ (10,295)	
5	To adjust the nursing admin benefit reclassification to reflect verified salaries		\$ 56,075	
7	To adjust to remove nurse aide training expense		\$ (3,259)	
<b>Net Primary Patient Care Costs</b>		\$ 8,622,599	\$ 42,521	\$ 8,665,120
<b>Primary Patient Care Cost Per Day (*)</b>		\$ 150.9	\$ 0.7	\$ 145.7
<b>Secondary Patient Care Costs per Trial Balance of Costs</b>		\$ 670,937		
	<b>Adjustments to Secondary Patient Care Costs</b>			
4	To reclassify rental expense to the appropriate cost center		\$ (11,026)	
5	To adjust the nursing admin benefit reclassification to reflect verified salaries		\$ (2,796)	
<b>Net Secondary Patient Care Costs</b>		\$ 670,937	\$ (13,822)	\$ 657,115
<b>Secondary Patient Care Cost Per Day (*)</b>		\$ 11.7	\$ (0.2)	\$ 11.1
<b>Support Service Costs per Trial Balance of Costs</b>		\$ 2,657,644		
	<b>Adjustments to Support Service Costs</b>			
	None		\$ -	
<b>Net Support Service Costs</b>		\$ 2,657,644	\$ -	\$ 2,657,644
<b>Support Service Cost Per Day (*)</b>		\$ 46.5	\$ -	\$ 44.7
<b>Administrative &amp; Routine Costs per Trial Balance of Costs</b>		\$ 3,886,207		
	<b>Adjustments to Administrative &amp; Routine Costs</b>			
5	To adjust the nursing admin benefit reclassification to reflect verified salaries		\$ 2,796	
6	To adjust to remove non-allowable lobbying expense		\$ (3,008)	
<b>Net Administrative &amp; Routine Costs</b>		\$ 3,886,207	\$ (212)	\$ 3,885,995
<b>Administrative &amp; Routine Cost Per Day (*)</b>		\$ 68.0	\$ (0.0)	\$ 65.4

(\*) Adjusted Cost Per Day is calculated utilizing days at minimum occupancy.

**Atlantic Shores Rehabilitation and Health Center**  
**Schedule of Adjustments to the Trial Balance for the Fiscal Year Ending June 30, 2022**

Type of Cost	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Expenses</b>				
<b>Capital Costs per Trial Balance of Costs</b>		\$ 3,703,222		
	<b>Adjustments to Capital Costs</b>			
1	To remove cable television expense related to personal patient use		\$ (16,723)	
3	To adjust depreciation expense to reflect verified amounts		\$ 42,095	
4	To reclassify rental expense to the appropriate cost center		\$ 11,026	
<b>Net Capital Costs</b>		\$ 3,703,222	\$ 36,398	\$ 3,739,620
<b>Net Capital Cost Per Day (*)</b>		\$ 64.8	\$ 0.6	\$ 62.9
<b>Ancillary Costs per Trial Balance of Costs</b>		\$ 2,305,439		
	<b>Adjustments to Ancillary Costs</b>			
2	To reclassify ambulance expense to the appropriate cost center		\$ 10,295	
<b>Net Ancillary Costs</b>		\$ 2,305,439	\$ 10,295	\$ 2,315,734
<b>Ancillary Cost Per Day (*)</b>		\$ 40.4	\$ 0.2	\$ 38.9
<b>Other Costs per Trial Balance of Costs</b>		\$ -		
	<b>Adjustments to Other Costs</b>			
	None		\$ -	
<b>Net Other Costs</b>		\$ -	\$ -	\$ -
<b>Other Cost Per Day (*)</b>		\$ -	\$ -	\$ -

(\*) Adjusted Cost Per Day is calculated utilizing days at minimum occupancy.

Atlantic Shores Rehabilitation and Health Center				
Schedule of Adjustments to Patient Days for the Fiscal Year Ending June 30, 2022				
Census Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Census</b>				
<b>Bed days available</b>				66,065
<b>Medicaid Non-Super Skilled Patient Days</b>		39,347		
	Adjustments to Medicaid Patient Days		(1)	
<b>Medicaid Super Skilled Patient Days</b>		-		
	Adjustments to Medicaid Super Skilled Patient Days		-	
<b>Medicare Patient Days</b>		13,015		
	Adjustments to Medicare Patient Days		-	
<b>Private Pay Patient Days</b>		4,322		
	Adjustments to Private Pay Patient Days		-	
<b>Medicare/Private Pay Hospice Patient Days</b>		-		
	Adjustments to Medicare/Private Pay Hospice Patient Days		-	
<b>Other Patient Days</b>		441		
	Adjustments to Other Patient Days		1	
<b>Total Patient Days</b>		<b>57,125</b>	<b>-</b>	<b>57,125</b>
<b>Minimum Occupancy</b>				<b>59,459</b>

Atlantic Shores Rehabilitation and Health Center				
Schedule of Adjustments to the Nursing Wage Survey for the Fiscal Year Ending June 30, 2022				
Nurse Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
<b>Nursing Wage Survey</b>				
<b>II-A Administrative Nurses</b>				
	Director of Nursing - Number Paid	1	-	1
	Director of Nursing - Total Payroll	\$ 5,415	\$ (240)	\$ 5,175
	Director of Nursing - Total Hours	92.0	-	92.0
	Assistant Director of Nursing - Number Paid	-	-	-
	Assistant Director of Nursing - Total Payroll	\$ -	\$ -	\$ -
	Assistant Director of Nursing - Total Hours	-	-	-
	Registered Nurses - Number Paid	4	-	4
	Registered Nurses - Total Payroll	\$ 15,061	\$ (550)	\$ 14,511
	Registered Nurses - Total Hours	337.5	-	337.5
	Licensed Practical Nurses - Number Paid	2	-	2
	Licensed Practical Nurses - Total Payroll	\$ 6,869	\$ (239)	\$ 6,630
	Licensed Practical Nurses - Total Hours	160.0	-	160.0
	Nurse Aides - Number Paid	-	-	-
	Nurse Aides - Total Payroll	\$ -	\$ -	\$ -
	Nurse Aides - Total Hours	-	-	-
<b>II-B All Remaining Nursing Staff</b>				
	Registered Nurses - Number Paid	12	-	12
	Registered Nurses - Total Payroll	\$ 42,968	\$ (2,655)	\$ 40,313
	Registered Nurses - Total Hours	952.3	-	952.3
	Licensed Practical Nurses - Number Paid	21	-	21
	Licensed Practical Nurses - Total Payroll	\$ 70,981	\$ (2,822)	\$ 68,159
	Licensed Practical Nurses - Total Hours	1,488.3	-	1,488.3
	Nurse Aides - Number Paid	51	-	51
	Nurse Aides - Total Payroll	\$ 87,344	\$ (4,020)	\$ 83,324
	Nurse Aides - Total Hours	3,426.8	-	3,426.8

**Commentary**

- 1) Accounts receivable credit balances were not remitted back to Delaware Medicaid as of the report date.
- 2) Employee personnel records could not be located for one sampled employee on the Nursing Wage Survey.
- 3) Accounts payable liability for one vendor remains unpaid as of the report date.



**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  
401 Federal Street  
Dover, DE 19901

Department of Health and Social Services  
Division of Medicaid and Medical Assistance  
Medicaid's Long Term Care Facilities  
1901 N. Dupont Highway, Lewis Building  
New Castle, DE 19720

We have examined management’s assertions that Atlantic Shores Rehabilitation and Health Center (Provider) has complied with federal requirements (42 Code of Federal Regulations [CFR] 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D), as applicable, relative to the Provider’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 (cost report and survey, respectively) for the fiscal year ended June 30, 2022, and have issued our report thereon dated December 1, 2025. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) 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 Provider’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 Provider’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Provider’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 cost report 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. We

did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Provider's cost report 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 instances of noncompliance detailed on the schedule of findings that warrant the attention of those charged with governance. These findings do not materially impact the Provider's assertion and are not 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 Provider'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 Provider'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 State of Delaware Office of Auditor of Accounts, DHSS, Division of Medicaid and Medical Assistance, and Medicaid's Long Term Care Facilities and is not intended to be and should not be used by anyone other than the specified parties. However, under 29 Del. C. §10002, this report is public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, the Office of the Controller General, Office of the Attorney General, the General Assembly, and the Office of Management and Budget.

*Myers and Stauffer LC*

Myers and Stauffer LC  
Owings Mills, Maryland  
December 1, 2025

Atlantic Shores Rehabilitation and Health Center  
Schedule of Findings for the Fiscal Year Ended June 30, 2022

Findings and Responses

**Finding 22-01 Adjustment Number(s) Impacted: 1, 6, and 7**

**Condition:** The provider included non-allowable personal patient use cable television, lobbying, and nurse aide training expense with reimbursable cost.

**Criteria:** Provider Reimbursement Manual 15-1, Chapter 21, Section 2106.1 requires the removal from allowable costs any costs of items or services, such as telephone, television, and radio that are located in patient accommodations and furnished solely for the personal comfort of the patients.

Provider Reimbursement Manual 15-1, Chapter 23, Section 2139 states that provider political and lobbying activities are not related to the care of patients. Therefore, costs incurred for such activities are unallowable.

The State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities provides descriptions, by cost center line, for the appropriate grouping of expense. Nurse aide training and certification expenditures should be removed from the cost report.

**Cause:** Non-allowable expenses were submitted with allowable costs on the State of Delaware Medicaid Cost Report.

**Effect:** Management did not properly address non-allowable expense, resulting in a compliance finding. The calculated reimbursement rates submitted on the cost report for the primary, administrative and routine, and capital cost centers are overstated.

**Recommendation:** Management should review submitted cost report expense to ensure they are appropriate when completing the State of Delaware Medicaid Cost Report.

**Management's Response:** Management agrees with the finding and will enhance internal review procedures to ensure that all cost report expenses are thoroughly evaluated for accuracy and appropriateness prior to submission of the State of Delaware Medicaid Cost Report.

**Finding 22-02 Adjustment Number(s) Impacted: 2 and 4**

**Condition:** The provider grouped ambulance and rental expense to improper cost centers.

**Criteria:** The State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities provides descriptions, by cost center line, for the appropriate grouping of expense. Ambulance and rental expense are to be grouped to the ancillary and capital cost centers, respectively.

**Cause:** Management's working trial balance account grouping to the cost report does not align with the requirements in the Medicaid cost report instructions.

**Effect:** Management did not properly group expense, resulting in a compliance finding. The calculated reimbursement rates submitted on the cost report for the capital and ancillary cost centers are understated, while the primary and secondary cost centers are overstated.

**Recommendation:** Management should submit expenses on the Medicaid cost report in accordance with account groupings identified in the State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities.

**Management's Response:** Management agrees with the finding and will ensure that all expenses are reported in accordance with the account groupings outlined in the State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities.

**Finding 22-03      Adjustment Number(s) Impacted: 3**

**Condition:** The provider did not utilize American Hospital Association (AHA) Useful Life Guidelines when calculating depreciation expense on asset additions for the period July 1, 2021 through June 30, 2022.

**Criteria:** Provider Reimbursement Manual 15-1, Chapter 1, Section 104.17 requires the AHA Useful Life Guidelines to be used for estimated useful life of an asset for all assets acquired on or after January 1, 1981.

**Cause:** Management's capitalization policy and submitted depreciation expense does not align with AHA guidelines.

**Effect:** Submitted depreciation expense was not calculated in accordance with AHA guidelines for estimated useful life of an asset, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost report for the capital cost center is understated.

**Recommendation:** Management should ensure that AHA Useful Life Guidelines are used when calculating depreciation for all assets.

**Management's Response:** Management agrees with the finding and will ensure that the AHA Useful Life Guidelines are consistently applied when calculating depreciation for all assets reported on the Medicaid cost report.

**Finding 22-04      Adjustment Number(s) Impacted: 5**

**Condition:** The provider improperly allocated nursing administration fringe benefits expense on the cost report.

**Criteria:** Provider Reimbursement Manual 15-1, Chapter 21, Section 2144.7 states that some accounting systems are not designed to accumulate, on a departmentalized or cost center basis, the various employee fringe benefits incurred by the providers. Such providers may accumulate fringe benefits for all employees in one account during the cost reporting period and allocate fringe benefits to the appropriate cost centers.

**Cause:** The provider did not include all nursing administration salary expense when calculating the nursing administration employee benefits allocation.

**Effect:** Management did not properly allocate nursing administration fringe benefits expenses, resulting in a compliance finding. The calculated reimbursement rates submitted on the cost report for the primary and administrative and routine cost centers are understated, while the secondary cost center is overstated.

**Recommendation:** Management should utilize the most current and accurate documentation when allocating nursing administration fringe benefits expense on the State of Delaware Medicaid Cost Report.

**Management's Response:** Management agrees with the finding and will review and update the allocation methodology to ensure that accurate components are used in the calculation of fringe benefit expenses on the State of Delaware Medicaid Cost Report.

**Finding 22-05      Schedule of Adjustments to Patient Days**

**Condition:** Verified patient days agreed in total but variances between Medicaid and Other were noted.

**Criteria:** The State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities provides descriptions, by census line, on the appropriate classification of patient days. Line 5A should reflect total Medicaid Non-Super Skilled patient days and Line D should reflect total Other patient days.

**Cause:** Management did not utilize a finalized census when preparing the cost report, as payer classification variances existed.

**Effect:** Management did not properly group patient days, resulting in a compliance finding.

**Recommendation:** Management should utilize a finalized census to accurately report patient days on the State of Delaware Medicaid Cost Report.

**Management's Response:** Management agrees with the finding and will ensure that a finalized census is utilized to accurately report patient days on the State of Delaware Medicaid Cost Report.

**Finding 22-06**      **Schedule of Adjustments to the Nursing Wage Survey**

**Condition:**      The provider improperly recorded total pay for the administrative director of nursing, administrative registered nurses, and administrative licensed practical nurses, non-administrative registered nurses, non-administrative licensed practical nurses, and non-administrative nurses aides on the nursing wage survey.

**Criteria:**      The State of Delaware Department of Health and Social Services Division of Medicaid and Medical Assistance Instructions for Completion of Nursing Home: Nursing Wage Survey provides instructions, by occupational group, on the appropriate grouping of total number of staff, total pay, and total hours. Total pay for the administrative director of nursing are to be included in Section II.A.1. Total pay for the administrative registered nurses and administrative licensed practical nurses are to be included in Section II.A.3. Total pay for non-administrative registered nurses, non-administrative licensed practical nurses, and non-administrative certified nurses aides are to be included in Section II.B.

**Cause:**      Total pay recorded on the nursing wage survey did not align with the requirements in the nursing wage survey instructions.

**Effect:**      Management did not properly group total pay resulting in a compliance finding. The calculated total pay for the administrative director of nursing, administrative registered nurses, administrative licensed practical nurses, non-administrative registered nurses, non-administrative licensed practical nurses, and non-administrative nurses aides were overstated on the nursing wage survey.

**Recommendation:**      Management should submit total pay on the nursing wage survey in accordance with the State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance Instructions for Completion of Nursing Home: Nursing Wage Survey.

**Management's Response:**      Management agrees with the finding and will ensure that total pay is reported in accordance with the State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance Instructions for Completion of Nursing Home: Nursing Wage Survey.

**Finding 22-07**      **Comment Number(s) Impacted: 2**

**Condition:**      The provider did not provide supporting documentation for one sampled employee on the nursing wage survey.

**Criteria:**      The State of Delaware Department of Health and Social Services Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities states that the Medicaid Cost Report for Nursing Facilities should be supported by a trial balance and necessary schedules. The facility should have internal controls in place to ensure that the trial balance and schedules be available for audit within the State of Delaware by the Medicaid Agency or its designated representative for a period of five years after the date of filing of the Medicaid Cost Report with the Medicaid Agency.

**Cause:**      Management was not able to locate supporting documentation within their systems.

**Effect:**      Management was not able to confirm the establishment and maintenance of full, complete, and separate accounting for the nursing wage survey, resulting in a compliance finding.

**Recommendation:**      Management should ensure that internal control policies over record retention are in place to comply with the five year record retention requirement.

**Management's Response:**      Management agrees with the finding and will ensure that internal control policies over record retention are implemented and maintained to comply with the five-year record retention requirement.