



*Delaware Health  
And Social Services*

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**DIVISION OF MANAGEMENT SERVICES**

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PROCUREMENT

DATE: October 8<sup>th</sup> 2012

HSS 12 056

Auditing Consultant Services Request for Information

FOR

Division of Long Term Care Residence Protection

Date Due: October 24<sup>th</sup> 2012  
11:00AM

ADDENDUM # 1

Please Note:

THE ATTACHED SHEETS HEREBY BECOME A PART  
OF THE ABOVE MENTIONED RFI

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Q. Does the state have a predefined set of benchmarks to be used or would developing these be part of the engagement?

- a. If developing these is part of the engagement, would you expect that the benchmarks would be broken down by facility type (adult day care, assisted living, etc.)? Or would location be more relevant (New Castle, Sussex, etc.)?

A. The development of the benchmarks would be part of the engagement. Yes, the benchmarks would most likely be established by type of facility with some consideration of the ownership structure.

Q. Typically an audit at the facility level would uncover any potential going concern issues, and audited financial statements are already a requirement. Please clarify whether you are requesting assistance developing a method of analyzing audited financial statements, or whether you are requesting assistance in developing a requirement for additional information outside of audited financial statements to further analyze the financial operations of the facility.

A. We are requesting assistance developing a method of analyzing audited financial statements.

Q. Is there detailed information available on the facilities that would fall under this RFI? For example, the type of entity (Non-profit, LLC, etc.), the ownership structure, size of facility, location, etc.

A. We have that information on the 80 facilities that are Skilled Nursing Facilities and Assisted Living facilities. That info on the other facilities is available but we would have to gather it together.

Q. As part of the process, would you expect that each facility be assigned a Pass/Fail, or some other type of grading mechanism?

A. Yes, we are looking for a grading mechanism, e.g. pass/fail/probationary.

Q. Would developing follow up procedures and guidelines be part of the expected consultative services?

A. We anticipate developing a robust system. If so, developing guidelines and/or regulations should be pretty straightforward. As for follow-up we have some statutory authority that we can use to require follow-up information and activities but we would welcome suggestions to amend or supplement that authority.

Q. Of the 344 total facilities, how many are currently complying with the annual audit requirement discussed in the RFI?

A. This is the first year we have required the audited financials be submitted. We have started with the largest facilities since a financial problem in one of those would affect the largest number of residents. So we have required the 49 skilled nursing facilities and the 31 assisted living facilities to comply this year. So, 80 so far.

Q. Have facilities indicated an inability to comply with the audit requirement?

A. Almost all facilities indicated it would be a financial burden for them to comply, yet all but a very few (3-4) have complied. Those are operating on temp licenses that are coming due shortly.

Q. 16 Del. C.1141 appears to relate to background checks for facilities. Is our understanding correct that the RFI response should encompass not only monitoring of financial viability but also compliance with the background check provisions of 16 Del. C.1141?

A. My apologies for the 1141. That was a typo. It should have read 1104 (e). But the actual text of the requirement on which we're seeking consultation [1104 (e)] begins at the bottom of page 2 of the RFI. It is entitled, "Financial Disclosure Requirement."