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

Starlight Behavioral Health Services, Inc.
and West Virginia Department of Health and Human Resources,
Office of Accountability and Management Reporting,
Division of Compliance and Monitoring

We have performed the procedures enumerated below, which were agreed to by Starlight Behavioral Health Services, Inc. and West Virginia Department of Health and Human Resources, Office of Accountability and Management Reporting, Division of Compliance and Monitoring (the specified parties), solely to assist you with respect to the sworn statement of grant receipts and expenditures for grant agreement number G090308 of Starlight Behavioral Health Services, Inc. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We obtained and read the grant agreement and related documents to ascertain the purpose for which the grant funds were awarded and the terms and conditions associated with the state grant.

There were no findings to report.

2. We inspected the Organization's bank statements and compared the deposited grant receipts to the monthly WVDHHR Bureau for Behavioral Health and Health Facilities invoice to the information available through the West Virginia State Auditor's Office Vista vendor payment system to verify whether funds received under the grant (as reported on the sworn statement of grant receipts and expenditures) were correctly authorized, recorded and deposited into the appropriate organizational accounts.

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We noted the following exception:

- Exhibit D of the grant award requires the grantee to submit invoices for reimbursement of actual costs incurred during the previous month. Each invoice must bear the original signature of the grantee's agency head or person designated as responsible for the invoicing. The July, 2008 invoice was not available for our review. We noted, however, that WVDHHR did reimburse the Organization for the costs incurred in July, 2008. We, therefore, assume that they were satisfied with the documentation submitted by management.
3. We reviewed all costs (as listed on the sworn statement of grant receipts and expenditures) and related transactions associated with the grant to verify whether:
- a. Costs were approved by the DHHR, if required.
 - b. Costs conform to the allowability of cost provisions or limitations in the program agreement, program regulations, or program statute.
 - c. Costs represent charges for actual costs, not budgeted or projected amounts.
 - d. Costs are given consistent treatment within and between accounting periods. Consistency in accounting requires that costs incurred for the same purpose, in like circumstances, be treated as either direct costs only or indirect costs only with respect to final cost objectives.
 - e. Costs are net of all applicable credits (e.g. volume or cash discounts, insurance recoveries, refunds, rebates, trade-ins, adjustments for checks not cashed, and scrap sales).
 - f. Costs are not included as both a direct billing and as a component of indirect costs.
 - g. Costs are supported by appropriate documentation (e.g. approved purchase orders, receiving reports, vendor invoices, cancelled checks, and time and attendance records), and correctly charged as to account, amount and period.

We noted the following exceptions:

- Certain employees whose wages were partially charged to the grant either do not maintain activity reports or they do maintain them but they are not filed in a manner to facilitate review. Based on our review of the payroll records, however, it appears the amount reported by management for personnel was reasonable and supportable.

- Fringe benefits reported by management totaled \$24,265. Our computations revealed a total of \$20,379.63, a difference of \$3,885.37. We did note, however, that the Organization incurred additional salary expense which was not charged to the grant. A change order should have been submitted to allocate \$3,885.37 from fringe benefits line item to the personnel line item.
- Sufficient documentation was not maintained to support \$28.95 out of \$977.88 of materials and supplies reported in July, 2008.
- Sufficient documentation was not maintained to support \$58.55 out of \$903.72 of other costs reported in August, 2008.
- Sufficient documentation was not maintained to support \$96.10 out of \$952.94 of other costs reported in September, 2008.
- Sufficient documentation was not maintained to support \$5.02 out of \$855.45 of materials and supplies and \$109.61 out of \$845.23 of other costs reported in October, 2008.
- Sufficient documentation was not maintained to support \$150.00 out of \$1,142.99 of materials and supplies reported in November, 2008. Furniture totaling \$2,273.56 was purchased in November, 2008 and was reported as other costs. Prior written approval was not obtained from WVDHHR. Section 11.03 of the grant agreement states that all capital expenditures for property and equipment are unallowable except with the written prior approval of WVDHHR and they must be included as a separate budgetary line item. Internal labor costs totaling \$ 2,175.06 was reported as other costs in November, 2008 for employee's time spent on repair and maintenance issues, however, no activity reports were maintained.
- Sufficient documentation was not maintained to support \$45.00 out of \$1,300.54 of other costs reported in December, 2008.
- Sufficient documentation was not maintained to support \$150.00 out of \$416.18 of other costs reported in February, 2009.
- Sufficient documentation was not maintained to support \$150.00 out of \$366.18 of other costs reported in March, 2009.
- Sufficient documentation was not maintained to support \$150.00 out of \$1,036.70 of other costs reported in April, 2009.
- Sufficient documentation was not maintained to support \$51.29 out of \$685.21 of materials and supplies and \$19.52 out of \$989.03 of other costs reported in May, 2009.

- Sufficient documentation was not maintained to support \$102.70 out of \$1,611.65 of other costs reported in June, 2009. Internal labor costs totaling \$789.78 was reported as other costs in June, 2009 for employee's time spent on repair and maintenance issues, however, no activity reports were maintained.
4. We inquired about the current status of any findings, contingencies or other deficiencies discovered during the current engagement or described in any prior agreed-upon procedures report that could negatively effect administration of the WVDHHR grant and related program/project. Management acknowledges the above deficiencies and will implement the necessary corrective actions to prevent future occurrences. None of the deficiencies from prior agreed-upon procedures negatively effect administration of the WVDHHR grant and related program/project.

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

This report is intended solely for the information and use of Starlight Behavioral Health Services, Inc. and West Virginia Department of Health and Human Resources, Office of Accountability and Management Reporting, Division of Compliance and Monitoring and is not intended to be an should not be used by anyone other than those specified parties.

Wane & Hall PLLC

Huntington, West Virginia
December 28, 2011

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**West Virginia Department of Health & Human Resources
Sworn Statement of Grant Receipts and Expenditures**

(Please see the Instructions for Completion of the Sworn Statement of Grant Receipts and Expenditures located in the Grantee Audit Compliance Guide as Attachment D)

Grant Number: G09038	Grantee Name: Starlight Behavioral Health Services, Inc.		
Grantee FEIN: 204136974	WVFIMS Vendor #: 503204	Contact Phone Number: (304) 302-2078	
Grantee Mailing Address: 5317 Cherry Lawn Road, Huntington, WV 25705			
Total Grant Amount: \$146,518.00	Period Covered: 7/1/2008-6/30/2009		

Grant Receipts				
Invoice Number	Invoice Period Covered	Invoice Amount	Date Received	Amount Received
1	7/2008	\$26,682.09	09/08/08	\$26,682.09
2	8/2008	\$28,129.77	09/08/08	28,129.77
3	9/2008	\$28,058.56	10/21/08	28,058.56
4	10/2008	\$16,587.01	11/17/08	16,587.01
5	11/2008	\$21,872.61	12/08/08	21,872.61
6	12/2008	\$5,882.04	01/02/08	\$5,882.04
7	1/2009	\$2,866.18	02/11/09	\$2,866.18
8	2/2009	\$2,916.18	03/12/09	\$2,916.18
9	03/2009	\$2,966.18	04/23/09	\$2,966.18
10	04/2009	\$4,224.54	05/11/09	\$4,224.54
11	05/2009	\$4,174.24	06/05/09	\$4,174.24
12	06/2009	\$4,756.00	07/15/09	\$2,158.60
Total Grant Receipts				\$146,518.00

Grant Expenditures		
Expenditures	Description/Examples	Amount Expended
Personnel	Salaries and Wages	\$95,419.55
Fringe Benefits		\$24,265.00
Equipment and Other Capital Expenditures		
Materials and Supplies	Office Supplies, Postage, Training	\$7,013.60
Professional Service Costs	Contracts, Consultants	
Rental Costs	Office Space, Equipment	\$4,500.00
Other	Telephone, Utilities	\$15,319.85
Subgrants		
Indirect Cost		
Total Grant Expenditures		\$146,518.00

Ending Funds Balance (Receipts – Expenditures) 0

This is to certify that I have reviewed the Statement of Grant Receipts and Expenditures submitted herewith and, to the best of my knowledge and belief, said statement represents all financial activities related to the receipt, use and expenditure of funds granted by the State of West Virginia, Department of Health and Human Resources to Starlight Behavioral Health Services, Inc. and that the expenditures reported were for the purposes intended and in compliance with the applicable laws, regulations and terms and conditions of the grant documents. The Statement of Grant Receipts and Expenditures is presented on the (Circle One) Cash/Accrual basis of accounting and is supported by our financial records and related documentation.

Authorized Signature: [Signature] Date: 12-7-11

Printed Name and Title: Donna E. Ingles - CEO

Taken, sworn and subscribed before me this 7 day of Dec, 2011

Notary Public Signature: [Signature]

My Commission Expires: 2-26-2020

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Revised 03/09

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Not Received

