

WEST VIRGINIA HEALTH INFORMATION NETWORK, INC.
Charleston, West Virginia

REPORT ON SINGLE AUDIT
JUNE 30, 2018

#G180729

Questions:

Denise Hershey

Denise C. Hershey

304.347.4133

DHHR - Finance

JAN 31 2019

Date Received

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs	8
Schedule of Prior Period Findings	11



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAAconnect.com

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
West Virginia Health Information Network, Inc.
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Virginia Health Information Network, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the period from inception January 1, 2018 to June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated January 7, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

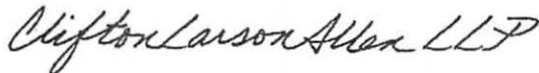
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Organization's response to the findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and responses or schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
January 7, 2019

DHHR - Finance

JAN 31 2019

Date Received



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAAconnect.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON
INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
West Virginia Health Information Network, Inc.
Charleston, West Virginia

Report on Compliance for Each Major Federal Program

We have audited the West Virginia Health Information Network, Inc.'s (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the period from inception January 1, 2018 to June 30, 2018. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period from inception January 1, 2018 to June 30, 2018.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the period from inception January 1, 2018 to June 30, 2018, and have issued our report thereon dated January 7, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to

Board of Directors
West Virginia Health Information Network, Inc.

the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
January 7, 2019

DHHR - Finance

JAN 31 2019

Date Received

**WEST VIRGINIA HEALTH INFORMATION NETWORK, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FROM INCEPTION JANUARY 1, 2018 TO JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grant Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Expenditures</u>
U.S. Department of Health and Human Services Administered Through West Virginia Department of Health and Human Resources Medical Assistance Program - Implementation Advanced Planning Document	93.778	N/A	\$ 758,116	\$ -
TOTAL FEDERAL AWARDS			<u>\$ 758,116</u>	<u>\$ -</u>

**WEST VIRGINIA HEALTH INFORMATION NETWORK, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FROM INCEPTION JANUARY 1, 2018 TO JUNE 30, 2018**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of West Virginia Health Information Network, Inc. (the Organization) under programs of the federal government for the period ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures are reported on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, expenses for capitalized assets and prepaid items are recognized when paid. If the Schedule were maintained on the accrual basis of accounting, all expenses would be recognized when incurred. The modified cash basis includes accounts payable and accrued expenses as it does on an accrual basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**WEST VIRGINIA HEALTH INFORMATION NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FROM INCEPTION JANUARY 1, 2018 TO JUNE 30, 2018**

SECTION I – SUMMARY OF INDEPENDENT AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses	_____ <u>X</u> _____	Yes	_____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <u>X</u> _____	No

Federal Awards

Internal control over major programs:

Material weakness (es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses	_____	Yes	_____ <u>X</u> _____	None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____	Yes	_____ <u>X</u> _____	No
---	-------	-----	----------------------	----

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number (s)</u>
Administered Through West Virginia Department of Health and Human Resources Medical Assistance Program Implementation Advanced Planning Document	93.778

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?	_____	Yes	_____ <u>X</u> _____	No
--	-------	-----	----------------------	----

**WEST VIRGINIA HEALTH INFORMATION NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FROM INCEPTION JANUARY 1, 2018 TO JUNE 30, 2018**

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

2018-001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria or specific requirement: Per CFR 200.510(b) of the Uniform Guidance requires the auditee to prepare a SEFA for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with CFR 200.502 of the Uniform Guidance, "Basis for Determining Federal Awards Expended," which states "the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal states, regulations, and terms and conditions of federal awards."

Condition: During our testing of the Schedule of Federal Expenditures (SEFA), we noted that the SEFA overstated the total federal expenditures, as a result of including the State match as expenditures in the SEFA.

Context: The SEFA included expenditures which were not federal funds.

Cause: Reimbursement of funds from West Virginia included both federal funds and state funds. The state funds were improperly included within the SEFA.

Effect: Overstatement of expenditures in the SEFA.

Repeat finding: No

Recommendation: The Organization should ensure the SEFA properly reflects only federal expenditures incurred.

Views of responsible officials and planned corrective actions: At the beginning of calendar year 2018, WWHIN changed from a state-owned entity to a separate private corporation. At that point, CRISP began managing the daily activities of the finance function with instruction from our management team. While the total IAPD costs captured in the general ledger were accurate, we agree that state matching dollars were improperly included on the SEFA. We believe this is an isolated incident. Management recognizes the need to evaluate grants at a more detailed level. Going forward, CRISP's Director of Finance will require Uniform Guidance questionnaires to be completed by management when new funding is awarded to the organization.

**WEST VIRGINIA HEALTH INFORMATION NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FROM INCEPTION JANUARY 1, 2018 TO JUNE 30, 2018**

SECTION III – CURRENT PERIOD MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**WEST VIRGINIA HEALTH INFORMATION NETWORK, INC.
SCHEDULE OF PRIOR PERIOD FINDINGS
FROM INCEPTION JANUARY 1, 2018 TO JUNE 30, 2018**

**SECTION IV - PRIOR PERIOD MAJOR FEDERAL AWARD PROGRAM FINDINGS AND
QUESTIONED COSTS**

None noted