STATE OF CONNECTICUT

AUDITORS' REPORT
OFFICE OF HEALTH CARE ACCESS
FOR THE FISCAL YEARS ENDED JUNE 30, 2006 and 2007

AUDITORS OF PUBLIC ACCOUNTS
KEVIN P. JOHNSTON ❖ ROBERT G. JAEKLE

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October 24, 2008

AUDITORS' REPORT
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FOR THE FISCAL YEARS ENDED JUNE 30, 2006 and 2007

We have examined the financial records of the Office of Health Care Access (hereafter, OHCA) for the fiscal years ended June 30, 2006 and 2007. This report on that examination consists of the Comments, Recommendations and Certification, which follow.

Financial statements pertaining to the operations and activities of the Office of Health Care Access are presented on a Statewide Single Audit basis to include all State agencies. This audit examination has been limited to assessing OHCA's compliance with certain provisions of laws, regulations, and contracts, and evaluating OHCA's internal control policies and procedures established to ensure such compliance. Under Section 19a-612a of the General Statutes, the Office of Health Care Access operates within the Department of Public Health for administrative purposes only.

COMMENTS

FOREWORD:

The Office of Health Care Access operates primarily under the provisions of Title 19a, Chapter 368z, of the General Statutes. The duties and responsibilities of OHCA are described in Section 19a-613 of the General Statutes, as follows:

- Collecting patient-level outpatient data from health care facilities or institutions;
- Establishing a cooperative data collection effort, across public and private sectors, to assure that adequate health care personnel demographics are readily available;
- Oversee and coordinate health system planning for the state;
- Monitor health care costs;
- Create an advisory council to advise the Commissioner on graduate medical education.

Section 19a-638 of the General Statutes provides for regulatory powers over the approval of certain capital expenditures of health care facilities and institutions. Such health care facilities

and institutions submit "Certificate of Need" requests that must be approved by OHCA prior to execution. A change in ownership or control, or a change in function or service, must also be approved through the "Certificate of Need" process.

As prescribed within Section 19a-612 of the General Statutes, "The powers of the office shall be vested in and exercised by a commissioner who shall be appointed by the Governor…". Cristine A. Vogel was appointed Commissioner on January 2, 2004.

Legislative Changes:

Public Act 05-251, Section 60, subsection (c), allows the Commissioner of Administrative Services, in consultation with the Secretary of the Office of Policy and Management to develop a plan whereby the Department of Administrative Services (DAS) would merge and consolidate personnel, payroll, affirmative action and business office functions of selected executive branch State agencies within DAS. The effective date of the Public Act was July 1, 2005. The Office of Health Care Access (OHCA) was selected as one such agency. OHCA personnel, payroll, affirmative action, and business office functions were transferred to DAS, Small Agency Resource Team. However, OHCA continues to be responsible for Hospital Assessment accounts receivable and collection.

Public Act 05-75, effective October 1, 2005, made the following two changes to the Certificate of Need (CON) program administered by OHCA. (1) The Act redefines "affiliate" to include a provider of direct patient care services, as well as any unlicensed corporate holding company, affiliate, or subsidiary of that provider. (2) The Act established a deadline by which a person seeking a public hearing on a CON application must make a request to OHCA.

Public Act 05-93, effective July 1, 2005, amended the CON process by eliminating the $400,000 capital expenditure threshold requirement for CON review of proposals involving the purchase, lease, or donation acceptance of various types of scanning and linear accelerators.

Public Act 05-151, effective October 1, 2005, extended to all health care facilities and institutions, as well as their parent companies, subsidiaries, and affiliates, the civil penalties applicable for failure to provide data required by OHCA on major medical and imaging equipment they own, operate, or plan to acquire and any information required by law. The penalty is a fine of up to $1,000 per day.

Public Act 05-168, effective October 1, 2005, requires OHCA to exempt from CON requirements any health care facilities or institutions that plan to acquire or operate an electronic medical records system.

Public Act 06-28, effective July 1, 2006, increased the CON threshold for capital and major medical equipment expenditures to $3 million. The previous thresholds were $1 million for capital costs and $400,000 for major medical equipment.

Public Act 06-64, effective July 1, 2006, made significant changes pertaining to the Office of Health Care Access. The changes are presented below:

- Amended the CON process to give OHCA the ability to waive CON requirements in emergency situations. Also, the Act provides for an exemption from CON requirements to non-profit facilities, institutions, or providers, other than termination of services if certain conditions are met. In addition, the Act allows OHCA to exempt from CON requirements certain equipment previously acquired through the CON process.

- Extended from February 28 to March 31 the time by which short-term acute care general hospitals and children's hospitals must submit budget data to OHCA for the hospital budget year that began the prior October 1. Also, required these institutions to file annually certain salary and fringe benefit data with OHCA.

- Required OHCA and the Department of Social Services to review annually the level of uncompensated care, including emergency assistance to families, each hospital provides to indigent individuals.

RÉSUMÉ OF OPERATIONS

General Fund Revenues and Receipts:

General Fund revenues and other receipts of OHCA totaled $3,272,797 and $3,436,104 for the 2005-2006, and 2006-2007 fiscal years, respectively, as compared to $3,314,623 for the 2004-2005 fiscal year. A comparative summary of General Fund receipts is presented below:

	2006-2007	2005-2006	2004-2005
Revenues:			
Expenses recovered from hospitals	$3,075,259	$3,120,985	$2,852,776
Certificate of need filing fees	325,568	144,577	452,258
Miscellaneous	4,918	6,923	9,589
Total Revenues	3,405,745	3,272,485	3,314,623
Refunds of expenditures	30,359	312	-
Total General Fund Receipts	$3,436,104	$3,272,797	$3,314,623

The major source of revenue is the recovery of OHCA's costs from hospitals as mandated under Section 19a-631, subsection (b), of the General Statutes. Said Section permits the recovery of OHCA's actual costs during each fiscal year, including the cost of fringe benefits, the amount of central State services attributable to OHCA, and expenditures made on behalf of OHCA from the Capital Equipment Purchase Fund. Hospitals are assessed for a portion of the costs in relation to each hospital's net revenue as compared to the total net revenue of all hospitals.

General Fund Expenditures:

General Fund expenditures of the Office of Health Care Access totaled $1,994,335 and $2,067,463 for the 2005-2006 and 2006-2007 fiscal years, respectively, as compared to $2,075,103 for the 2004-2005 fiscal year. Comparative summaries of General Fund expenditures for the fiscal years under review and the preceding fiscal year are presented below:

	2006-2007	2005-2006	2004-2005
Budgeted Accounts:			
Personal services	$1,867,371	$1,833,160	$1,895,711
Contractual services	175,744	143,552	161,390
Commodities	22,728	16,178	17,851
Sundry Charges	1,620	1,445	-
Equipment	-	-	151
Total General Fund Expenditures	$2,067,463	$1,994,335	$2,075,103

Personal services expenditures increased mainly due to the standard cost of living allowance.

As discussed previously, OHCA recovers its normal operating expenses from the regulated hospitals. An analysis of the amounts recovered from the hospitals and the amounts due from the hospitals at fiscal year-end follows:

	2006-2007	2005-2006	2004-2005
Expenditures to be recovered:	$2,067,463	$1,994,335	$2,075,103
Fringe benefits	645,582	638,347	744,609
Central State services	636,507	274,856	220,436
Capital Equipment Purchase Fund Expenditures	5,189	9,969	25,019
Expenditures over/(under) Assessments, Penalties, and Interest	(38,238)	102,593	(174,691)
Total base - recovered expenditures	3,316,503	3,020,100	2,890,476
Amounts receivable, beginning of year	54,180	155,065	117,365
Total due	3,370,683	3,175,165	3,007,841
Less: Assessments received from hospitals	3,075,259	3,120,985	2,852,776
Amounts receivable, end of year	$295,424	$54,180	$155,065

The amount presented as Expenditures over/(under) Assessments, Penalties, and Interest is due to the practice of calculating annual assessments based on “anticipated expenditures.” After the end of each fiscal year an adjustment is made to the following year’s assessment to either add amounts due from the hospitals or to credit amounts owed to the hospitals. Also, included in that category are penalties and late charges. These are charges levied against individual hospitals if payment is not received on time.

Special Revenue Fund – Federal and Other Restricted Accounts:

OHCA's Federal and Other Restricted Accounts' receipts totaled $436,006 and $288,195 for the fiscal years ended June 30, 2006 and 2007, respectively, as compared to $163,842 for the 2004-2005 fiscal year. These receipts consisted primarily of Federal restricted revenue.

Expenditures in the Federal and Other Restricted Accounts totaled $253,058 and $314,525 for fiscal years ended June 30, 2006 and 2007, respectively, as compared to $204,948 for the 2004-2005 fiscal year. A summary of these expenditures follows:

	2006-2007	2005-2006	2004-2005
Personal services	$1,609	$857	$1,237
Contractual services	312,759	251,370	199,208
Commodities	-	811	3,854
Sundry Charges	157	20	649
Total Special Revenue Fund Expenditures	$314,525	$253,058	$204,948

The increase in expenditures in the 2006-2007 fiscal year resulted from an increase in management consultant services.

In addition to the above Special Revenue Fund expenditures, capital equipment purchases totaling $9,969 and $5,189 were paid from the Capital Equipment Purchases Fund during the 2005-2006 and 2006-2007 fiscal years, respectively. Purchases were primarily for data processing equipment.

Performance Evaluation:

Section 2-90 of the General Statutes authorizes the Auditors of Public Accounts to perform evaluations of selected Agency operations. We reviewed the Certificate of Need (CON) process at the Office of Health Care Access. Our main focus was to evaluate the effectiveness of OHCA's internal controls as they relate to the CON process.

The CON process is a two step procedure that consists of a Letter of Intent (LOI) and the application form. A LOI provides information required by statute regarding the proposed CON, as specified in Section 19a-638 of the Connecticut General Statutes. Once a LOI is filed, the applicant receives a CON application form and is notified of the filing window for the application. The filing window for the CON application is between the 60th and 120th day from the LOI filing date. A one time 30 day time extension may be requested by the applicant, extending the filing date to the 150th day. OHCA is required to publish a legal notice in a newspaper in the proposed service area of the proposal, no later than 15 days after the LOI is completed.

Certificate of Need Process:

Criteria: Section 19a-638, subsection (a), of the General Statutes, states that each applicant, prior to submitting a Certificate of Need (CON) is

required to submit a Letter of Intent (LOI) to OHCA. OHCA is required to publish a legal notice in a newspaper having substantial circulation in the area served or to be served by the applicant within 15 days upon receiving a completed LOI.

Condition: During our review of six LOIs, we found that two were published late and as a result, did not meet the 15 days requirement. One LOI, dated February 1, 2007, and stamped received February 2, 2007, was not published until April 1, 2007. The second LOI received December 19, 2006, was not published until February 2, 2007.

Effect: The CON process is compromised when LOIs are not published within the 15 day window, since the timeframe to decide on a CON is established by statute. Failure to publish LOIs within the 15 day window represents noncompliance with the established General Statutes.

Cause: There are no formally documented policies and procedures regarding the LOI process. As a result, LOIs are not always addressed in a timely manner.

Recommendation: In order to comply with Section 19a-638, subsection (a), of the General Statutes, the Office of Health Care Access should improve and document its policies and procedures over the LOI process.

Agency Response: "The audit references a Letter of Intent (LOI) received on February 2, 2007. This matter was an OHCA initiated determination based on our discovery that the provider was offering MRI services at its Branford location. We initiated an investigation of the circumstances on December 11, 2006. In the subsequent months, we asked the provider a series of questions in writing in order to determine whether a CON was required. The provider responded to our questions in the February 1, 2007 letter (received February 2) referenced in the audit and above. On March 21, 2007, OHCA issued its determination that a CON was required and that the agency deemed the February 1 letter to be the equivalent of a Letter of Intent. The newspaper notice appeared nine days later on April 1. At the time it was OHCA's practice to deem certain communications as the equivalent of an LOI in cases where the agency possessed all of the information that would be included in a formal LOI form. In this case, the agency did not meet the notice requirement because it chose to deem the last correspondence from the provider as the LOI. This is no longer the agency's practice. However, the agency has not formalized the new practices in the form of a written policy."

"The audit also references an LOI received on December 19, 2006, that was not noticed until February 2, 2007. This was an oversight on the agency's part. In order to address the errors identified, the agency will convene a workgroup to develop formal written procedures with regard to LOIs and public notices to better ensure that statutory timeframes are met."

CONDITION OF RECORDS

Our examination of the records of the Office of Health Care Access disclosed the following conditions:

Internal Controls over Hospital Assessment Accounts Receivable, Receipts, Fines and Penalties:

Criteria: Section 19a-632, subsection (c), of the General Statutes states that each qualifying hospital shall pay quarterly assessments to the Office of Health Care Access on or before December 31st, and the following March 31st, June 30th and September 30th, annually.

Section 19a-632, subsection (e), states that a late fee of ten dollars should be added to any assessment not paid when due. It also states that interest at a rate of one-fourth per cent per month, or a fraction thereof, should be paid on such assessment and late fee.

The State Comptroller's State Accounting Manual requires the periodic preparation, where feasible, of accountability reports and reconciliations of accounts receivable trial balances to compare the receipts that were actually recorded with the receipts that should have been accounted for.

Condition: During the fiscal years ending June 30, 2006 and 2007, the Office of Health Care Access received recoveries from hospitals totaling $3.1 million each year. Internal controls over these receipts do not include preparing periodic accountability reports and accounts receivable trial balances. In addition, no reconciliation to Core-CT is performed.

Lack of reconciliation to Core-CT allows errors to occur that are not detected. A check for $35,981 was miscoded and a duplicate payment was not reflected in OHCA's records until seven months later.

We found that in some cases penalties and interest were collected on hospital assessments that were received late. However, in nine cases we found that penalties and interest totaling $2,437 were not collected on hospital assessments that were received late.

Effect: The lack of accountability reports and reconciliation to Core-CT increase the risk that amounts due will go uncollected for inordinate lengths of time without being detected.

OHCA lost $2,437 in revenue that could have been collected because it did not consistently levy interest and penalties on nine

hospital assessments paid late. In addition, inadequate record keeping resulted in incorrect accounts receivable balances.

Cause: A lack of administrative control contributed to this condition. Also, OHCA does not reconcile its records to Core-CT.

Effective internal controls are not in place for recording penalties and interest on hospital assessments that are paid late.

Recommendation: The Office of Health Care Access should improve internal controls over hospital assessment receipts by preparing accountability reports and reconciling its accounts receivable records to Core-CT. In addition, the Office of Health Care Access should ensure that penalties and interest are charged on all hospital assessments that are received late. (See Recommendation 2.)

Agency Response: "OHCA currently has policies and procedures in place that address the billing of late fees and interest and quarterly reconciliation of hospital assessments. However, it appears that these procedures do not offer adequate controls to avoid errors. OHCA will convene a workgroup to amend its policies and procedures to address the identified need for better administrative and internal controls in the areas of billing for late fees and interest and for regular reconciliation with Core-CT, if possible."

Timeliness of Deposits:

Criteria: Section 4-32 of the General Statutes generally requires that any State agency receiving money or revenue for the State amounting to $500 or more, must deposit it within 24 hours of receipt.

Condition: We sampled 71 checks valued at $2,726,724 that were comprised of hospital assessments and late payment penalties. Six of these checks, valued at $196,865 were deposited between one and two days late. Three other checks were not stamped when received. As a result, it could not be determined if they were deposited in a timely manner. In addition, one cash transmittal slip listed three checks, but copies of the checks were not available for review.

Effect: The failure to deposit receipts in a timely manner reduces the State Treasurer's opportunity to invest idle money, increases the risk that items awaiting deposit may be misplaced, and represents non-compliance with State law.

Cause: A lack of administrative control contributed to this condition.

Recommendation: The Office of Health Care Access should ensure that deposits are made in a timely manner as required by Section 4-32 of the General Statutes. (See Recommendation 3.)

Agency Response: "In response to the audit for fiscal years ending June 30, 2004 and 2005, OHCA created new procedures to better ensure the timeliness of deposits. These new procedures were developed and went into effect in fiscal year 2008. We anticipate that future results will improve with these new procedures. In addition, we believe that improved internal controls and oversight developed as part of the previous recommendation will also result in improvements in timeliness of deposits."

Calculation of Total Operating Costs for Hospital Assessments:

Criteria: Section 19a-631, subsection (b), of the General Statutes states that each hospital shall annually pay an amount equal to its share of the actual expenditures made by the Office of Health Care Access. The costs that the Office of Health Care Access may include when calculating annual hospital assessments include those incurred directly by OHCA, as well as allocated central service costs.

Condition: The Office of Health Care Access did not accurately calculate its hospital assessments for fiscal years 2006 and 2007. We found that the actual fringe benefit costs of $1,009,750 and $1,021,718 were not included in the hospital assessment calculations for fiscal years 2006 and 2007, respectively. Instead, only fringe benefit costs totaling $638,347 were included for fiscal year 2006 and $645,582 was included for fiscal year 2007.

Effect: The State incurred costs of $371,403 and $367,136 for fiscal years 2006 and 2007, respectively, that are not being recovered through hospital assessments.

Cause: The Office of Health Care Access chose to use their calculation of fringe benefit costs rather than the amounts provided by the Department of Administrative Services.

Recommendation: The Office of Health Care Access should improve its controls over the calculation of hospital assessments to ensure that the actual fringe benefit costs are recovered from the hospitals. (See recommendation 4.)

Agency Response: "When OHCA projects costs for the upcoming fiscal year to estimate hospital assessments, Connecticut General Statutes 19a-631(b) provides that the assessments paid by hospitals to OHCA be

based, in part, upon the cost of fringe benefits "as estimated by the Comptroller." In this case, OHCA used a "fringe factor" that was provided to us in each year by the Comptroller's office to calculate the estimated costs of fringe benefits for the following year. However, at the time we calculated the estimated costs, we were not provided with the individual factors that were needed to make the correct calculation. Effective in Fiscal Year 2008, the policy for calculation of estimated costs has changed so that going forward OHCA will use estimated fringe amounts that will be provided to us by the Office of Policy and Management and based on an actual cost basis calculation. Therefore, we anticipate that this issue will not arise in the future."

"OHCA will also develop new procedures for oversight, review, and approval of annual assessments to better control for errors in the future."

Auditors' Concluding Comments:

We agree with OHCA's response, however, its final calculations were based on estimates rather than actual costs. The actual fringe benefit costs were provided to OHCA by the Department of Administrative Services, but OHCA chose not to use them.

RECOMMENDATIONS

Our prior report on the fiscal years ended June 30, 2004 and 2005, contained two recommendations. The status of those recommendations is presented below:

Status of Prior Audit Recommendations:

- The Office of Health Care Access should take steps to improve internal controls over cash receipts by preparing accountability reports and ensuring timely deposits as required by Section 4-32 of the General Statutes. This recommendation is being restated. (See Recommendations 2 and 3.)

- The Office of Health Care Access should consult with the Office of Policy and Management to determine the optimum methodology for determining the total administrative costs and attempting to include those costs in hospital assessments. This recommendation is not being repeated.

Current Audit Recommendations:

1. **In order to comply with Section 19a-638, subsection (a), of the General Statutes, the Office of Health Care Access should improve and document its policies and procedures over the Letter of Intent (LOI) process.**

   Comment:

   The Certificate of Need (CON) process is compromised when LOIs are not published within the guidelines of the General Statute. Our review revealed that two LOIs did not meet the 15 day requirement.

2. **The Office of Health Care Access should improve internal controls over hospital assessment receipts by preparing accountability reports and reconciling its accounts receivable records to Core-CT. In addition, the Office of Health Care Access should ensure that penalties and interest are charged on all hospital assessments that are received late.**

   Comment:

   The lack of accountability reports and reconciliations increases the risk that amounts will go uncollected for inordinate lengths of time without being detected. Also, the lack of consistency in collecting penalties and interest on hospital assessments that are paid late caused OHCA to lose revenue it could have collected.

3. **The Office of Health Care Access should ensure that deposits are made in a timely manner as required by Section 4-32 of the General Statutes.**

   Comment:

   During our current review, we sampled 71 checks and found that 6 of these checks were deposited between one and two days late. Three others were not stamped when received, and one cash transmittal listed three checks, but copies of the checks were not available for review.

4. **The Office of Health Care Access should improve its controls over the calculation of hospital assessments to ensure that the actual fringe benefit costs are recovered from hospitals.**

   Comment:

   The Office of Health Care Access chose not to use the actual fringe benefit costs provided by the Department of Administrative Services when performing its final calculations based on actual costs for the fiscal years ended June 30, 2006 and June 30, 2007.

INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 of the General Statutes we have audited the books and accounts of the Office of Health Care Access for the fiscal years ended June 30, 2006 and 2007. This audit was primarily limited to performing tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grant agreements and to understanding and evaluating the effectiveness of the Agency's internal control policies and procedures for ensuring that (1) the provisions of certain laws, regulations, contracts and grant agreements applicable to the Agency are complied with, (2) the financial transactions of the Agency are properly initiated, authorized, recorded, processed, and reported on consistent with management's direction, and (3) the assets of the Agency are safeguarded against loss or unauthorized use. The financial statement audits of the Office of Health Care Access for the fiscal years ended June 30, 2006 and 2007 are included as a part of our Statewide Single Audits of the State of Connecticut for those fiscal years.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Office of Health Care Access complied in all material or significant respects with the provisions of certain laws, regulations, contracts and grant agreements and to obtain a sufficient understanding of the internal controls to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

Internal Control over Financial Operations, Safeguarding of Assets and Compliance:

In planning and performing our audit, we considered the Office of Health Care Access internal control over its financial operations, safeguarding of assets, and compliance with requirements as a basis for designing our auditing procedures for the purpose of evaluating the Agency's financial operations, safeguarding of assets, and compliance with certain provisions of laws, regulations, contracts and grant agreements, but not for the purpose of providing assurance on the effectiveness of the Agency's internal control over those control objectives.

Our consideration of internal control over financial operations, safeguarding of assets, and compliance requirements was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial operations, safeguarding of assets and compliance with requirements that might be significant deficiencies or material weaknesses. However as discussed below, we identified certain deficiencies in internal control over financial operations, safeguarding of assets, and compliance with requirements that we consider to be significant deficiencies.

A *control deficiency* 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 on a timely basis unauthorized, illegal, or irregular transactions or the breakdown in the safekeeping of any asset or resource. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to properly initiate, authorize, record, process, or report financial data reliably, consistent with management's direction, safeguard assets, and/or comply with certain provisions of laws,

regulations, contracts, and grant agreements such that there is more than a remote likelihood that a financial misstatement, unsafe treatment of assets, or noncompliance with laws, regulations, contracts and grant agreements that is more than inconsequential will not be prevented or detected by the Agency's internal control. We consider the following deficiencies, described in detail in the accompanying "Condition of Records" and "Recommendations" sections of this report, to be significant deficiencies in internal control over financial operations, safeguarding of assets and compliance with requirements:

Recommendation 1: The Agency should improve and document its policies and procedures over its Letter of Intent process.

Recommendation 2: The Agency's internal controls over hospital assessment receipts and penalties and interest are weak.

Recommendation 3: The Agency is not in compliance with Section 4-32 of the General Statutes, which require that deposits must be made in a timely manner.

Recommendation 4: The Agency incorrectly calculated the fringe benefit costs that should have been included in hospital assessments for fiscal years 2006 and 2007.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that noncompliance with certain provisions of laws, regulations, contracts, and grant agreements or the requirements to safeguard assets that would be material in relation to the Agency's financial operations, noncompliance which could result in significant unauthorized, illegal or unsafe transactions, and/or material financial misstatements by the Agency being audited will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over the Agency's financial operations, safeguarding of assets, and compliance with requirements, was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Office of Health Care Access complied with laws, regulations, contracts and grant agreements, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the Agency's financial operations, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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.*

The Office of Health Care Access response to the findings identified in our audit are described in the accompanying "Condition of Records" section of this report. We did not audit the Office of Health Care Access response and, accordingly, we express no opinion on it.

This report is intended for the information and use of Agency management, the Governor, the State Comptroller, the Appropriations Committee of the General Assembly and the Legislative Committee on Program Review and Investigations. However, this report is a matter of public record and its distribution is not limited.

CONCLUSION

We wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Office of Health Care Access during the course of our examination.

Andrea E. Evans
Auditor II

Approved:

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts