



PROGRESS REPORT 2013 - 2016

Auditor General Eugene DePasquale has revolutionized his office's role by relentlessly exposing wasteful state spending and aggressively pushing for transparency in all levels of government.



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From Auditor General DePasquale

During the last four years, my audits have made a major difference and produced legislative action in Pennsylvania.

My team and I have worked together to ensure state money is being spent for its intended purpose — and when we found that it wasn't, we let you, the taxpayer, know.

For example, we helped save children's lives by bringing about positive changes at ChildLine, the state's child-abuse hotline.

We pushed repeatedly to improve Pennsylvania's charter school law, which, as I continue to say, is the worst charter school law in the nation.

We uncovered a financial mess in Penn Hills School District, where a staggering lack of oversight led to costly and illogical business decisions. Because of our audit, the district has already made cost-saving changes.

We prevented a tax increase in Pittsburgh schools by pointing out — on the day a tax vote was scheduled — that the district had the largest fund balance in the state.

We highlighted Scranton's



Pennsylvania Auditor General Eugene DePasquale

pension woes and, by following our recommendations, city officials there are improving its financial situation.

We identified areas causing the backlog of untested rape kits and recommended legislative changes to get kits tested in a timely manner.

We sounded the alarm on the turnpike commission, which is relying on unrealistic revenue projections that will affect travel across the state in the very near future.

We also:

- Made 29 recommendations for the Department of Environmental Protection to improve its protection of water quality from shale gas development;
- Found out why home care workers weren't getting paid on time in 2013;

- Recommended changes to resolve a dispute with the Pittsburgh Intergovernmental Cooperation Authority;
- Discovered the Department of Human Services was paying benefits to deceased recipients;
- Led the charge on municipal pension reform; and
- Protected seniors who use PACE/PACENET and helped improve the quality of care in nursing homes.

In my second term, I plan to focus performance audits on six broad areas:

- Effectiveness of drug rehab programs;
- Ensuring state and county offices protect children;
- College affordability;
- Job retraining;
- Economic issues for seniors; and
- Infrastructure improvements.

I look forward to continuing to make a difference in your life.

Thank you for the opportunity to continue to serve you.

Sincerely,

Eugene A. DePasquale

MAKING A DIFFERENCE

May 2016 and October 2016

ChildLine: Keeping PA's children safe

Imagine 42,000 calls for help going unanswered. That's exactly what happened in 2015 at ChildLine, Pennsylvania's child-abuse hotline.

Overseen by the state Department of Human Services (DHS), ChildLine is the hub through which all child abuse is reported in Pennsylvania. When auditors began a performance audit of ChildLine, what they found prompted Auditor General Eugene DePasquale to issue an interim report in May 2016.

The interim report highlighted four significant matters from 2015:

- 22 percent of calls (42,000) went unanswered;
- ChildLine was constantly understaffed;
- Nearly one-third of calls received (in 2014 and 2015) were not tracked or documented; and
- Supervisors monitored only about 0.005 percent of calls.

Because of the interim report, DHS took action. Officials hired additional ChildLine employees and implemented a policy regarding minimum staffing levels. These actions led to ChildLine meeting the minimum staffing level 90 percent of the time in late June 2016.


DHS also began tracking the reason for all calls and required supervisors to monitor at least one call per case-worker per month.

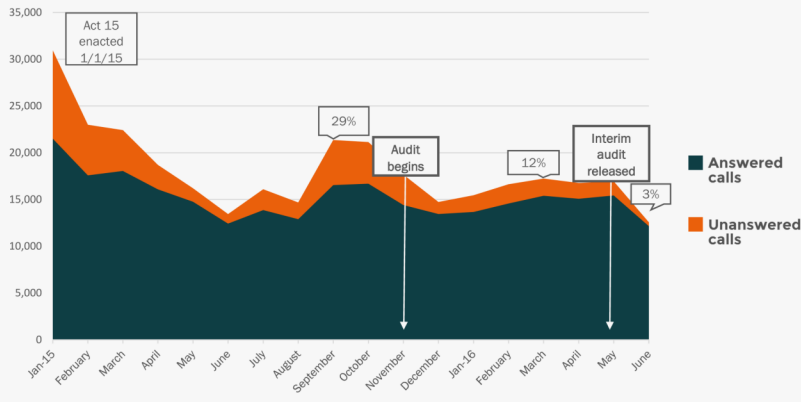
The final audit, released in October 2016, focused on DHS' handling of abuse allegations received through ChildLine. The audit found that abuse referrals to county and law enforcement agencies were delayed longer than DHS' two-hour goal. The audit also found that investigations were often not completed and submitted to ChildLine within the 60 calendar days required by law.

"When child abuse reports come in to ChildLine, every minute counts," DePasquale said. "When the report of suspected abuse is not sent out for investigation immediately or the investigation's outcome is not reported, it could allow a child abuser to continue undetected."

AUDITING CHILDLINE

Auditor General Eugene DePasquale's interim report of ChildLine led to many positive changes at the statewide child abuse hotline – but much more must be done to ensure the safety of Pennsylvania's children.





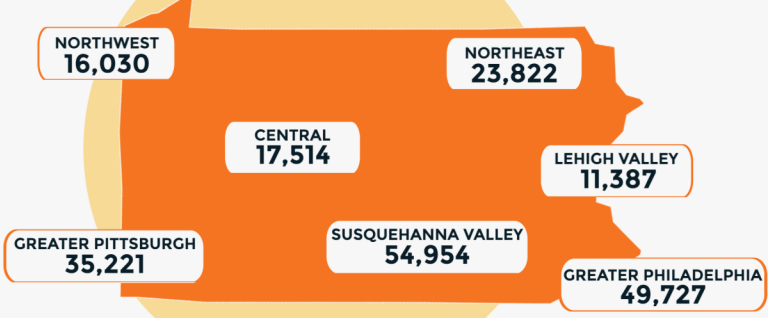
Month	Answered Calls	Unanswered Calls
Jan-15	20,000	10,000
February	18,000	8,000
March	17,000	7,000
April	15,000	6,000
May	13,000	5,000
June	14,000	6,000
July	15,000	7,000
August	14,000	6,000
September	16,000	8,000
October	17,000	12,000 (29% Unanswered)
November	15,000	8,000
December	14,000	7,000
Jan-16	15,000	8,000
February	16,000	9,000
March	17,000	10,000
April	16,000	9,000
May	15,000	8,000
June	14,000	7,000 (3% Unanswered)

58,000
unanswered calls

Between Jan. 1, 2014, and June 30, 2016, nearly 58,000 calls (out of 440,000 total) went unanswered.

ChildLine Reports*

by region in 2015



Region	Number of Calls
NORTHWEST	16,030
NORTHEAST	23,822
CENTRAL	17,514
LEHIGH VALLEY	11,387
GREATER PITTSBURGH	35,221
SUSQUEHANNA VALLEY	54,954
GREATER PHILADELPHIA	49,727

Source: www.paauditor.gov * calls & electronic submissions

Additionally, the final audit addressed inadequate staff training. DHS did not have established, ongoing training for ChildLine employees, nor did it document whether individual employees completed the required seven-week introductory training.

Find the ChildLine [interim report](#) and [final audit](#) online at www.paauditor.gov.

PRODUCING ACTION

August 2016



Commonwealth Media Services

Auditor General Eugene DePasquale speaks Aug. 25, 2016, about the audit of the Pennsylvania Department of Education’s oversight of the charter schools payment appeals process. It was just one of several audits in the last four years that showed how flawed Pennsylvania’s charter school law truly is.

Pushing to improve charter school law

In the mid-1990s, legislators approved charter schools to provide alternative education opportunities for Pennsylvania’s children.

But much has changed in 20 years — widespread Internet usage, for example — and Auditor General Eugene DePasquale has repeatedly said that significant reform is necessary to overhaul this antiquated system.

“I began noticing some consistent concerns in my department’s audits of Pennsylvania’s more than 100 charter schools,” DePasquale said. “I held informational meetings across the state and invited interested parties to provide testimony and discuss their thoughts on the current law.”

After these hearings, DePasquale’s team

compiled a comprehensive report with recommendations to improve the law, including:

- Creating a new and independent statewide charter school board;
- Reinstating charter school tuition reimbursement from the state;
- Providing consistency in requirements for both charter and school districts; and
- Enhancing transparency by having charter schools deliver annual reports at the authorizing district’s school board meeting.

Legislators have introduced multiple bills that include some of these recommendations in a reform package, but so far the General Assembly has not approved substantive reform.

“I will continue to advocate for the necessary reform to this system,” DePasquale said.

PA CHARTER SCHOOL LAW NEEDS OVERHAUL

AUDITOR GENERAL EUGENE DEPASQUALE

CHARTER SCHOOLS BY THE NUMBERS

ENROLLMENT	TUITION
<p style="font-size: 24px; font-weight: bold; color: #00728f;">132,000+</p> <p style="font-size: 10px; color: #00728f;">students enrolled in charter schools</p>	<p style="font-size: 24px; font-weight: bold; color: #00728f;">\$1.5 BILLION</p> <p style="font-size: 10px; color: #00728f;">during school year 2014-2015</p>

Source: www.paauditor.gov

MAKING A DIFFERENCE

May 2016

Penn Hills School District: Finding a mess

It was one of the worst audits of a school district that Auditor General Eugene DePasquale said he'd ever seen.

The latest performance audit of Penn Hills School District showed that long-term lack of oversight permitted stunning financial mismanagement and illogical business decisions that resulted in an outstanding debt of \$167 million and multiple criminal investigations.

Despite the dire situation, DePasquale said, "I am encouraged that the current superintendent and business manager – who have certainly inherited quite a mess – seem very committed to turning this district around."

Specifically, the audit found:

- the district's deficient governance practices, including a lack of separation of duties of board officers, contributed to its financial decline, resulting in a negative \$18.8 million general fund balance as of June 30, 2015.
- persistent financial operating deficits, budgeting errors and increased debt service resulted in a substantial negative general fund balance.
- the district violated its policy governing the use of procurement cards and did not monitor purchases.
- the district failed to ensure that roughly \$22,000 in ticket sales from sporting events was deposited.
- the district's failure to monitor its transportation contractor resulted in misappropriation of up to \$384,500 in district fuel.
- the district's transportation expenditures significantly exceeded



Auditor General Staff

New Penn Hills Superintendent Dr. Nancy Hines speaks to the press May 18, 2016, as Auditor General Eugene DePasquale looks on. DePasquale called the performance audit of the district one of the worst he's ever seen.

At a glance

Findings: 8

Recommendations: 28

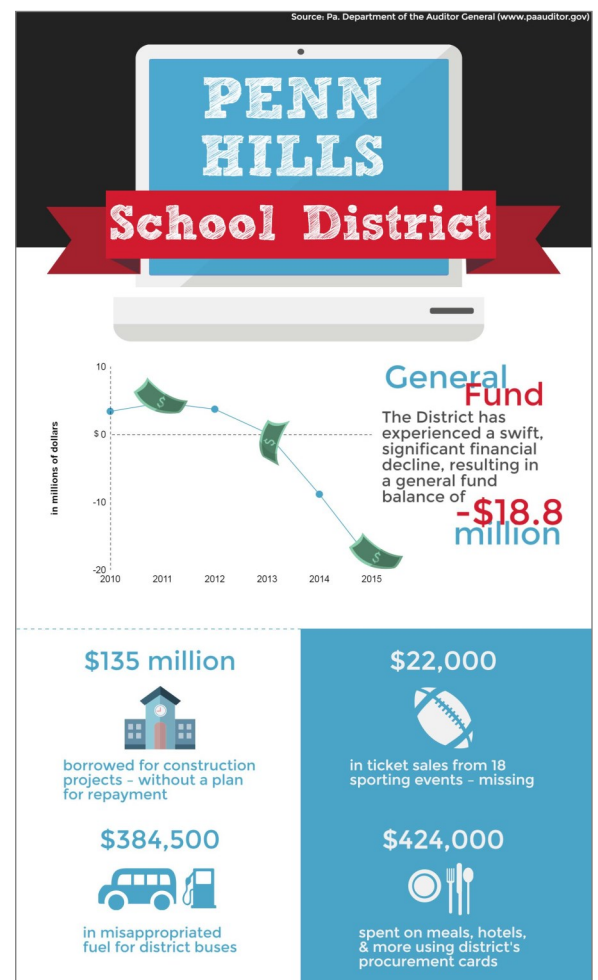
Pennsylvania Department of Education's final formula allowance.

- the district improperly sold its tax-exempt fuel to a municipality at a markup, but its deficient billing practices netted thousands of dollars in losses.
- the district failed to ensure that its school bus drivers met all employment requirements.

The new administration's commitment was shown when the school board followed audit recommendations to review transportation contracts, then chose a new transportation contractor in July.

The district continues to examine transportation costs.

Read the full Penn Hills School District performance audit at www.paauditor.gov.



PRODUCING ACTION

December 2014

Table 1: ALL Properties, 2014					
*Beaver County 2013					
	Total Assessed Value of All Property	Total County Taxes If All Parcels Taxed	Total Municipal Taxes If All Parcels Taxed	Total School Taxes If All Parcels Taxed	Total Taxes If All Parcels Taxed
Allegheny County	\$100,419,248,445	\$474,983,045	\$533,643,496	\$1,803,868,156	\$2,812,494,697
Beaver County	\$2,862,260,986	\$63,542,194	\$46,598,307	\$171,349,380	\$281,370,964
Bucks County	\$9,037,067,410	\$209,659,964	\$125,024,640	\$1,213,320,746	\$1,548,005,349
Dauphin County	\$18,774,831,500	\$129,095,741	\$68,742,472	\$354,320,831	\$552,159,044
Erie County	\$16,935,708,680	\$83,100,719	\$76,709,743	\$240,333,375	\$400,143,838
Lackawanna County	\$1,681,569,518	\$96,555,722	\$61,114,761	\$190,519,737	\$348,190,220
Lehigh County	\$33,735,438,800	\$109,040,505	\$68,543,195	\$462,985,225	\$640,568,925
Luzerne County	\$22,580,849,200	\$129,740,527	\$50,152,487	\$281,082,555	\$490,975,569
Monroe County	\$2,379,110,780	\$53,542,953	\$27,965,553	\$363,858,799	\$445,367,305
Montgomery County	\$62,971,264,466	\$198,485,426	\$215,851,540	\$1,670,328,426	\$2,084,665,392

Source: [A Review of Potential Lost Revenue Due to Property Tax Exemptions](#), December 2014

Educating the public on taxing nonprofits

In 2013, a movement existed within the legislature to re-evaluate the methodology used to define and classify nonprofits for purposes of property tax exemptions.

This classification is important to municipal governments because many properties owned by nonprofits maintain a tax-exempt status in the commonwealth — meaning nonprofits do not pay property taxes.

The legislation, [Senate Bill 4](#), could have increased the number of exemptions, which would have prevented millions of tax dollars from going to municipalities.

The legislative intent was to create a referendum to be voted on by Pennsylvanians.

Realizing very little information was available to the public, Auditor General Eugene DePasquale produced a special report on the topic to educate voters so they could make an informed decision on any related

ballot question.

The report examined a sampling of 10 counties across Pennsylvania and reviewed the impact that certain nonprofit entities — specifically healthcare providers — had on the local tax base.

The highest total on the list was Allegheny County, which includes Pittsburgh. In 2014, the total assessed value of tax-exempt property in Allegheny County owned by nonprofits exceeded \$24 billion — which means municipalities within the county were missing out on up to \$619 million in tax revenue.

The report also found that municipalities could realize billions of dollars in potential tax revenue across the state if these nonprofit entities paid property taxes.

In the end, the reform nonprofit question never became a ballot referendum.

Read the 16-page special report at www.pauditor.gov.

Major project SPOTLIGHT

DEP: Unprepared to assess shale effect on water

A July 2014 performance audit showed the growth of the shale gas industry in Pennsylvania caught the Department of Environmental Protection (DEP) by surprise. As a result, DEP was:

- unprepared to effectively administer laws and regulations to protect drinking water;
- unable to efficiently respond to citizen complaints; and
- deficient in its use of information technology to aid in transparency and data reporting reliability.

Further, by law, DEP is required to post certain inspections and any resulting violation information on its website; however, the audit found that DEP does not post all required information.

“There was plenty of back and forth with DEP during this audit, and in some cases we just could not agree on some findings,” Auditor General Eugene DePasquale said.

“What matters here is the protection of our drinking water supplies.”

DePasquale’s staff also produced a [citizens guide](#) to help Pennsylvanians understand shale gas development and learn how to make a water-quality complaint.

At a glance

Findings: 8

Recommendations: 29

Full audit: www.pauditor.gov

MAKING A DIFFERENCE

August 2014 and October 2016

Helping Scranton address systemic pension issues

The City of Scranton followed an audit recommendation from 2014, and the city is now making significant improvements in paying its pension debt — although it still has a substantial amount of work to do.

Currently, Scranton has the third-highest unfunded pension liability in the state at \$158.4 million in 2015, which is an \$8 million increase in two years. A June 2015 special report showed that Scranton city leaders failed to properly authorize the doubling of pension benefits to certain retirees, costing the city approximately \$2.9 million over 12 years — and at least partially contributing to the dire financial condition of the city's non-uniformed employee pension plan.

In addition to the special report, an audit of Scranton's pension plan released in August 2014 warned that the city's pension plans were significantly underfunded: the non-uniformed pension plan was 23 percent funded, the firefighter's pension plan was 16.7 percent funded, and the police pension plan was 28.8 percent funded.

The 2016 audit found that Scranton partially complied with a prior recommendation to pay the plan's minimum municipal obligation (MMO) in a timely manner, thus avoiding compounding debt and interest payments. In 2015, for the first



Auditor General Staff

Auditor General Eugene DePasquale answers a question during a press conference in Scranton in October 2016. Though DePasquale applauded Scranton's efforts to better pay its pension debt, he added, "There also has to be help from Harrisburg. We need a comprehensive solution to these pension challenges occurring in every part of the state."

time since 2012, Scranton met its required annual pension payment of \$12.3 million on time and saw all three plans improve their funded ratios.

However, the audit showed that all three pension funds — police, fire and non-uniformed — continue to be severely distressed, which means they are less than 50 percent funded.

Auditor General Eugene DePasquale credits Scranton's current leadership with taking progressive steps to improve the city's

pension plans.

"I encourage city officials to continue their efforts to develop a long-term strategic plan to address Scranton's pension plan funding crisis and ensure long-term financial stability," DePasquale said. "There also has to be help from Harrisburg. We need a comprehensive solution to these pension challenges occurring in every part of the state."

Read Scranton's [2014](#) and [2016](#) audits, as well as the 2015 [special report](#), online.

Major project SPOTLIGHT

Educational VFRA video

Each year, about \$65 million to \$70 million in state funds is distributed through municipalities to nearly 1,950 volunteer firefighter relief associations (VFRAs) across the commonwealth.

These VFRAs use the money to provide training, purchase equipment and insurance, and pay for death benefits for volunteer firefighters.

To help VFRA officers, who are often volunteers with no bookkeeping experience, Auditor General Eugene DePasquale created an educational video so they can better manage records and improve their members' understanding of the department's audit process.

"We all owe a debt of gratitude to the men and women who selflessly help protect our communities," DePasquale said.

"We developed this training video to share our expertise so volunteer firefighting associations improve accountability over their finances and, in turn, ensure that our communities continue to receive the life- and property-saving services that these volunteers provide."

To watch the 20-minute video, go to paauditor.gov or [YouTube](https://www.youtube.com).

PRODUCING ACTION

June 2013 and September 2016



Auditor General Staff

Auditor General Eugene DePasquale discusses some of the 10 findings from his department’s audit of the Pennsylvania Turnpike Commission on Sept. 6, 2016, in Pittsburgh. “The turnpike is relying on unrealistic revenue growth projections that should be setting off alarms now and in the near future,” DePasquale said.

Sounding the alarm on turnpike commission

The Pennsylvania Turnpike Commission is on unstable financial ground that could have serious repercussions statewide, a 2016 performance audit showed.

Act 44 of 2007 requires the turnpike commission to pay \$450 million per year to PennDOT through 2022 for statewide transportation needs such as public transit.

Auditor General Eugene DePasquale first highlighted the problems with the Act 44 payments in a [June 2013 special report](#). As a result, the legislature decreased the payments to \$50 million as of 2023.

“In seven years, there’s going to be a \$400 million gap in the amount of money PennDOT receives to support public transit agencies in cities and smaller communities across the state,” DePasquale said. “The General Assembly must formulate a plan now to make up for the shortfall.”

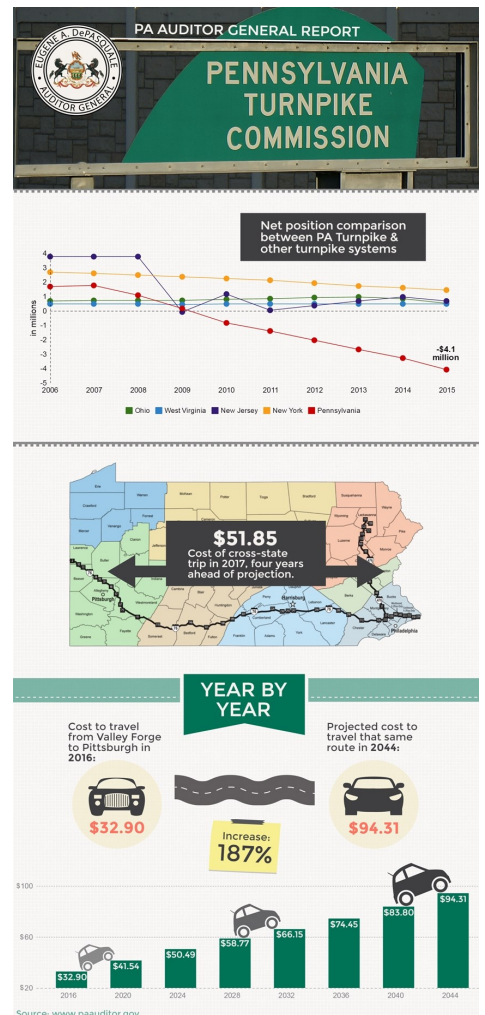
The audit also found an increase in toll violations and uncollectable tolls and fees. In fiscal year 2015-16 alone, drivers racked up \$61.3 million in unpaid toll violations and fees, and nearly \$43.2 million remained uncollected by the end of 2015.

“The turnpike commission lacks the authority to deter drivers from skipping out on tolls,” DePasquale said.

In late 2016, the General Assembly followed DePasquale’s recommendations and passed legislation that would allow the suspension of toll violators’ vehicle registrations. The legislation also provides for a reciprocity agreement with surrounding states.

The legislation will help the turnpike commission collect millions of dollars each year.

Read the full 2016 audit at www.paauditor.gov.



PRODUCING ACTION

2013-2016

Leading the municipal pension reform charge

The Department of the Auditor General audits approximately 2,600 municipal pension plans across the commonwealth.

“While many of these plans are stable, I noticed with growing concern that a number of plans are struggling to remain viable,” DePasquale said. “So I released a report on the issue in the spring of 2014, which was updated in January 2015.”

The report discussed the state of municipal pension plans, highlighting that the plans’ cumulative unfunded liability had increased by nearly \$1 billion in just a few years.

This report offered a number of recommendations highlighting the need for reform to help 562 distressed and underfunded plans, including the following:

- Take very distressed municipalities’ plans and consolidate them under one entity for oversight and management;



Auditor General Eugene DePasquale speaks to the Pennsylvania Municipal League in June 2016. For four years, DePasquale has pushed the General Assembly to pass meaningful municipal pension reform.

- Reduce management costs by renegotiating or consolidating management services;
- Reduce investment return assumptions.

In May 2015, Gov. Tom Wolf asked DePasquale to chair a Municipal Pension Task Force.

The task force spent about 30 days analyzing the state’s municipal pension plans and

meeting with numerous stakeholders. Suggested reforms included:

- Increasing transparency and accountability for municipal pension plans; and
- Requiring underfunded pension plans to adopt new investment and benefit standards.

Legislators have drafted several bills to reform municipal pension programs, but nothing has been signed into law.

“I will continue to sound the alarm for reform,” DePasquale said. “Ideally, something will be done in the near future to help distressed municipalities.”

July 2016

Absorbing PERC’s role, making office more efficient

Pennsylvania’s local government pension plans comprise more than 25 percent of the public employee pension plans in the United States.

More than 3,200 local government pension plans exist in Pennsylvania, and the number continues to grow. Unfortunately, the struggle to properly fund the plans also continues to grow.

As many municipalities face financial hardships and the reality of more retired members drawing from pension plans than active members contributing to pension plans, state funding is vital.

For decades, the Public Employee Retirement Commission (PERC) set the formula used to calculate state pension aid. That formula is then used by the state auditor general’s office to annually disburse money to municipalities to defray the cost of their employee pensions.

However, in the 2016-2017 state budget, the governor’s office defunded PERC.

Recognizing the critical role of PERC, Auditor General Eugene DePasquale offered to take over the work done by the commission. This offer turned into legislation (Act 100), which was signed into law in July 2016.

Streamlining the process

As part of Auditor General Eugene DePasquale’s effort to modernize and streamline the functions formerly performed by PERC, in January 2017 he launched the first-ever electronic version of the “AG385” — the form municipalities need to file to receive state pension aid. The online process will save time and money for municipalities and the commonwealth.

Act 100 transfers the powers and duties of PERC to the Independent Fiscal Office and the Department of the Auditor General. The auditor general’s department then created the Municipal Pension Reporting Program (MPRP) within its Office of Budget and Financial Management.

The creation of MPRP protects taxpayers and retirees by ensuring state aid payments can continue to be made so municipalities are not forced to raise taxes or risk the inability to provide benefits to their retirees.

For more information, go to www.paauditor.gov.

MAKING A DIFFERENCE

July 2016

Improving quality of nursing home care

When the state Department of Health (DOH) began listening to criticisms of its oversight of nursing homes, it turned to Auditor General Eugene DePasquale for help.

The result was a performance audit leading to significant changes that likely improved the quality of care for the nearly 80,000 Pennsylvanians who live in nursing homes.

The audit focused on staffing, complaint handling and imposition of sanctions for poor performance.

With regard to staffing, Pennsylvania requires nursing home residents to receive a minimum of 2.7 hours of direct nursing care each day. However, prior to the 2016 audit, DOH lacked policies and procedures to ensure the requirement was actually met.

Auditors examined staffing level reviews from 42 nursing homes and found:

- 71 percent of the DOH staffing reviews were incomplete;
- 10 percent lacked any documentation that a staffing-level review was conducted;
- 37 percent had only one week of staffing information reviewed instead of the recommended three weeks; and
- The 2.7-hour law was rarely enforced

As for complaint handling, the audit found that, from 2012 to 2015, DOH did not accept anonymous complaints, which was in direct violation of the federal Centers for Medicare and Medicaid Services' policy.

DOH changed its policy in July 2015 to again accept anonymous complaints, which led to a 63 percent increase in complaints received.

Finally, in terms of imposition of sanc-



Auditor General Staff

During the audit of the Department of Health's oversight of nursing homes, Auditor General Eugene DePasquale visited several long-term care facilities, including this visit to Concordia of the South Hills near Pittsburgh in November 2016. The nursing homes audit produced 13 findings — the most of any performance audit during DePasquale's tenure.

"This audit is an example of how the process should work."

—Auditor General Eugene DePasquale

tions for poor performance, the audit found that the DOH exercises considerable administrative discretion, preferring to mandate training rather than to impose fines.


"When a facility is not sanctioned but could have been, there needs to be an explanation," DePasquale said.

Overall, DePasquale commended DOH for taking a proactive stance to improve its operations.

"This audit is an example of how the process should work," DePasquale said.

"As our team began finding deficient practices, DOH immediately responded by implementing changes."

Read the full audit online at www.paauditor.gov.



**NURSING HOME CARE:
A CITIZENS GUIDE FOR
INFORMED DECISION-MAKING**

Pennsylvania Department of the Auditor General November 2016

Introduction and Overview

Our Performance Audit of the Department of Health's Oversight of Nursing Homes


In July 2016, Auditor General Eugene DePasquale released a comprehensive performance audit of the Department of Health (DOH) and its responsibility to oversee Pennsylvania's long-term care facilities (nursing homes).

Our audit report highlighted a number of concerns, including that DOH was not adequately ensuring that nursing homes were meeting the state's minimum staffing standard and that DOH had changed certain aspects of its complaint handling policies and procedures. Our report can be found at www.PaAuditor.gov.

How this document may help

Choosing to place a loved one in a nursing home is a difficult decision. Often the decision is made hastily, as there may be overriding medical concerns that necessitate a quick placement. Consequently, knowing how to access the right information, ask the right questions, and understand the information being presented is of critical importance.

This document is designed to help citizens who are facing these life-changing events make informed decisions. We want all Pennsylvanians to have access to the best information available to help make these difficult and emotional decisions.



Information gathered for this citizens guide was collected from audit procedures performed during our recent performance audit of DOH. Where necessary, we conducted follow-up interviews with DOH and conducted other research necessary to compile the information.

"Having to place a loved one in a nursing home is a difficult decision. Making an informed decision will help aid that transition."

— Auditor General DePasquale

In This Guide

- Differences between nursing homes and assisted living facilities
- Concepts and terminology
- Need to know: Nursing home staffing
- Where to file a complaint
- What happens when a complaint is filed
- Where to go for more information about nursing homes

Helping loved ones

After this audit, DePasquale issued a guide to help loved ones make informed decisions when choosing a nursing home. The guide is available at paauditor.gov.

MAKING A DIFFERENCE

Major project SPOTLIGHT

Better protection for PA puppies

Before July 2011, Pennsylvania was among the worst states in registration of puppy mills.

At that time, legislation providing additional oversight of puppy mills went into effect. In 2013, Auditor General Eugene DePasquale released an audit that reviewed compliance with the new laws.

Among the audit's recommendations was one calling for the Department of Agriculture to proactively enforce the dog law and ensure that related funds were used appropriately. Auditors found more than \$2.6 million in unsupported payroll expenditures.

The audit also urged the General Assembly to stop authorizing transfers of funds from the dog law account to other commonwealth accounts. This action diminishes available funds to enforce the dog law's provisions. Legislation to address this issue was repeatedly introduced during the last two sessions, but the legislature passed nothing.

"I have urged — and will continue to urge — the Department of Agriculture to effectively monitor and regulate the requirements in the dog law and other canine laws and regulations," DePasquale said.

To read the full audit, go to www.paauditor.gov.

November 2013

Getting home care workers paid

Home care workers weren't getting their paychecks, and we found the reason.

Prompted by calls and complaints from home care program participants and their direct care workers, a performance audit of the Department of Public Welfare (DPW) — now the Department of Human Services (DHS) — released in November 2013 found long-term mismanagement of home care worker payroll providers.

"Thousands of people who provide services that help the elderly, and children and adults with disabilities, went for weeks and months without a paycheck because DPW failed to provide adequate oversight and demand accountability of contracted payroll providers," Auditor General Eugene DePasquale said.

"Our audit found that problems with the transition caused so much fear and confusion that at least 1,500 people receiving home care services switched to a more expensive model of care that is unnecessarily costing at least \$7 million more per year."

Home care services are supported by state and federal funds through the Medicaid program.

Beginning in December 2008, DPW had agreements with 36



Commonwealth Media Services
Auditor General Eugene DePasquale holds up one of the vendors' forms during a November 2013 news conference about the audit of the Department of Public Welfare's oversight of its payroll vendors for home health care workers.

"Thousands of people who provide services that help the elderly, and children and adults with disabilities, went for weeks and months without a paycheck ..."

—Auditor General
Eugene DePasquale

providers for payroll services for home care workers across the state. However, auditors found that, from 2009 through 2012, DPW did not adequately monitor these providers, resulting in numerous cases of noncompliance with state and federal laws, regulations and financial services standards.

Instead of working with the existing vendors, DPW chose to consolidate payroll services statewide. In August 2012, it selected Boston, Mass.-based Public Partnerships Limited (PPL).

To complete the transition for

all 20,000 care recipient files to PPL, DPW imposed a deadline of Jan. 1, 2013. The audit found that, in this transition period, DPW ignored many signs — including concerns expressed by the vendor — that PPL was not prepared to pay all direct care workers by the deadline.

The audit also found that DPW failed to ensure that only allowable hourly wages rates were paid to direct care workers and allowed this failure to continue for years, as well as failed to adequately monitor PPL after the transition.

Read the full audit online at www.paauditor.gov.

MAKING A DIFFERENCE

Major project SPOTLIGHT

Tracking Act 13 funds

A December 2016 performance audit of the Pennsylvania Public Utility Commission's (PUC) administration of the collection and disbursement of the unconventional shale gas well impact fees provided for in Act 13 of 2012 demonstrates underlying problems with the legislation.

Currently, Act 13 outlines only very broad categories of needs directly related to or associated with drilling that the allocated funds must be used to address and does not contain concrete spending guidelines, strong reporting requirements or state oversight.

"Our audit shows that improvements to Act 13 are needed to help the PUC, or another state agency, administer the distribution of funds, provide greater direction to local governments for proper spending, and ensure that the impact fees are used as intended," Auditor General Eugene DePasquale said.

DePasquale is advocating to amend Act 13 to transfer the impact fee fund administration from the Public Utility Commission to a more appropriate entity — such as the Department of Community and Economic Development or the Commonwealth Financing Authority — and to allow that entity to take a more active role in helping local government leaders ensure their spending plans meet Act 13 standards.

December 2015

Preventing a tax increase

The City of Pittsburgh School District's board was set to vote on a tax increase on Dec. 16, 2015.

That day, Auditor General Eugene DePasquale held a news conference announcing the results of the district's performance audit: The district had a fund balance of \$129 million, the largest in the state.

That night, the school board voted not to increase taxes.

Despite frequent warnings that it was headed toward financial insolvency, the district is on sound financial ground, according to the audit.

Though he praised the district's financial standing, DePasquale also had words of warning: "By consistently under-budgeting, the district may not be sufficiently ensuring that necessary resources are available to meet student needs."

The audit also examined the district's revenue-raising initia-

tive to sell unused property. The audit found 24 additional unused parcels of vacant land with an aggregate assessed value of \$502,200 were not included in the revenue-raising initiative. After the audit, these unused parcels were included.

"I want to ensure that every dollar allotted for the school gets into the classroom as quickly as possible," DePasquale said.

To read the full audit of the City of Pittsburgh School District, go to www.paauditor.gov.

November 2015

Pittsburgh ICA review helped resolve dispute

In August 2015, Pittsburgh Mayor Bill Peduto requested a review of the Pittsburgh Intergovernmental Cooperation Authority (ICA).

Auditor General Eugene DePasquale directed his team to examine the ICA, and a six-week review of the ICA's operations from 2013-2015 was conducted, resulting in a special report in November 2015.

Established in 2004 by the General Assembly as a temporary state agency to assist Pittsburgh through financial hardships, the ICA has two primary functions:

- oversight of the city's balanced budgets and financial plans; and
- control of the distribution of the local share of reve-



Auditor General Staff

Auditor General Eugene DePasquale discusses his special report on the state of the Pittsburgh ICA during a news conference Nov. 10, 2015, in Pittsburgh.

into surpluses in eight of the past 10 years," DePasquale said in November 2015.

"However, as the city's financial recovery continues, cracks and flaws in the legislation giving the ICA authority to

distribute gaming money to the city are now beginning to

show."

The special report recommended that the ICA move toward a collaborative working relationship with the city and the mayor to facilitate the timely release of gaming funds. To read the full special report, go to www.paauditor.gov.

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To read the full special report, go to www.paauditor.gov.

MAKING A DIFFERENCE

June 2014 and September 2016

EBT cards: Dead people receiving benefits

It was a case so significant that it warranted an interim report in 2014 and a full special performance audit in September 2016.

In the end, the full audit of the Department of Human Services' (DHS) administration of public assistance benefits found that deceased individuals were receiving benefits. In fact, over a 12-month period, DHS paid \$693,161 in benefits to 2,324 deceased Electronic Benefits Transfer (EBT) cardholders' accounts.

"When a person receiving benefits dies, the benefits should stop. Period," Auditor General Eugene DePasquale said.

EBT cards, also known as ACCESS cards, provide public assistance recipients with electronic access to their benefits from a variety of programs, including Temporary Assistance for Needy Families, the Supplemental Nutrition Assistance Program (SNAP) and employment-related expenses.

"In one of the cases, we found a cardholder who died on May 1, 2013, continued to receive \$200 per month placed on their EBT card through September," DePasquale noted. "Then, over a 22-day period in December 2013 and January 2014, nearly \$800 in purchases were made with that card."

Because of the audit, DHS changed its policy in August 2016 to require caseworkers to take immediate action when they receive a notification of a recipient's death.

"That policy change is a direct result of our audit," DePasquale said.

Released in June 2014, the interim report found that more than \$200,000 in benefits

Public Assistance Cards & Dept. of Human Services

Pennsylvania Auditor General Eugene DePasquale's latest audit of the Department of Human Services shows the department has paid public assistance benefits to thousands of deceased recipients.



Benefits Paid to Deceased People

2,324

Number of accounts that received benefits after the cardholder was deceased for more than 60 days.



Amount of Benefits Received	Number of Cardholders
\$1,000 or more	96
\$200 - \$999	965
Less than \$200	1,263
Total	2,324

Source:
www.paauditor.gov

"When we shine a spotlight on flaws in the systems, changes get made that improve the process and save taxpayer money."

—Auditor General
Eugene DePasquale

were provided to EBT/ACCESS cards related to Social Security Numbers of deceased individuals, some of whom died in the 1980s.

"This is a clear example of why our audits matter," DePasquale said. "When we shine a spotlight on flaws in the systems, changes get made that improve the process and save taxpayer money."



Commonwealth Media Services

Two cameras record Auditor General Eugene DePasquale in September 2016 as he discusses the full audit report on the Department of Human Services' EBT/ACCESS card program.

PRODUCING ACTION

February 2016

Gaming Control Board: Decrease perks, fix law

The Pennsylvania Gaming Control Board made significant improvements to operations since a 2010 audit, but the board must bring excessive food reimbursements for board members in line and change the gaming law to expand funding for local law enforcement, a 2016 audit found.

“While policies were changed for staff members, when the seven gaming board members travel for board business they are permitted to claim ‘enhanced’ daily food reimbursements that are up to two-and-a-half-times higher,” Auditor General Eugene DePasquale said.

For example, a PGCB staff member traveling to Pittsburgh on business has a daily food allowance of \$71, while a board member is allotted \$177.50 for meals.

“This issue is about more than just dollars and cents; it is about the perception of a highly paid board — who are statutorily charged with protecting the public’s interest — being allowed preferential treatment,” DePasquale said, noting that board members are already paid a \$145,000 salary for, essentially, part-time work.

“The issue is bad public policy plain and simple,” DePasquale said.

Auditors also found that, in 2014, \$8 million of casino revenue earmarked for grants to help local law enforcement agencies combat illegal gambling was transferred into the state’s General Fund because strict statutory restrictions made it difficult for locals to access the money.

Over nearly two years, six grants were requested and awarded, totaling only 29 percent of the allocated \$4 million.

Read the full audit at www.paauditor.gov.



Fewer jobs created than expected

The 2016 audit of the Pennsylvania Gaming Control Board also showed that the number of jobs created by adding table games is 40 percent less than projections given to the General Assembly in 2010.

To garner legislative support, the casino industry commissioned a study that showed that as many as 10,100 direct jobs could be created from table gaming.

As of June 2015, however, direct jobs created from table gaming totaled 6,156.

Licensed Operator	County	No. of Direct Table Game Jobs Created as of June 2015	No. of Table Games as of June 2015
Sands Bethlehem	Northampton	1,107	207
Parx Casino	Bucks	942	168
Valley Forge	Montgomery	673	50
Rivers Casino	Allegheny	617	114
Harrah’s Philadelphia	Delaware	539	116
Sugar House	Philadelphia	505	84
Mohegan Sun	Luzerne	409	91
Mount Airy	Monroe	389	80
The Meadows	Washington	332	82
Hollywood Casino	Dauphin	247	71
Presque Isle	Erie	213	42
Lady Luck Casino	Fayette	183	29
Total Direct Jobs		6,156	

PRODUCING ACTION

April 2016



Auditor General Staff

Auditor General Eugene DePasquale and Sen. Christine Tartaglione, D-2nd, right, meet with seniors during a tour of Chapel Manor nursing home in Philadelphia in June 2016.

Protecting PACE/PACENET seniors

The PACE/PACENET audit found that the years-long lack of an active, independent oversight board might have prevented more low-income senior citizens from having access to critical financial assistance for prescription medications.

“Because of the audit, legislation was introduced in the House to expand the qualifying income levels, which would have added approximately 32,000 seniors to the programs,” Auditor General Eugene DePasquale said, noting that the bill passed the House unanimously but stalled in the Senate.

The audit also found that the Pharmaceutical Assistance Review Board (PARB), which is to be an independent oversight board for the programs, was not completing its statutory requirements, such as meeting twice per year. PARB also lacked three of its five required appointed officials.

“Because of the audit, legislation was introduced in the House to expand the qualifying income levels ...”

—Auditor General Eugene DePasquale

The legislation that was introduced also would have clarified the board’s role to function in an advisory capacity, not as an oversight board.

The audit also found that the Department of Aging awarded no-bid contracts and suffers from a lack of accountability of subcontractors and pharmacies.

When the audit was released, DePasquale commended the Department of Aging’s commitment to helping qualified seniors sign up for Medicare Part D, which helped reduce PACE and PACENET’S expenditures from \$538.7 million in 2005 to \$190.7 million in 2014.

PACE/PACENET background

Established in 1983, PACE — which stands for Pharmaceutical Assistance Contract for the Elderly — is designed to help low-income seniors pay for their prescription drugs.

Its partner program, PACENET — the Pharmaceutical Assistance Contract for the Elderly Needs Enhancement Tier — was established in 1996.

Both carry income restrictions to qualify. These income levels have not been adjusted for at least 10 years.

For PACE, it’s \$14,500 for a single person and \$17,700 for married people.

For PACENET, it’s \$14,501 to \$23,500 for a single person and \$17,701 to \$31,500 for married people.

Both are funded by the Pennsylvania Lottery Fund.

PACE and PACENET serve more than 300,000 seniors each year in Pennsylvania.

Read the PACE/PACENET audit at www.paauditor.gov.

Major project SPOTLIGHT

DCED — job creation

A December 2014 performance audit of the Department of Community and Economic Development (DCED) showed that job-creation programs need more oversight to provide additional accountability and transparency.

DCED administers several job-creation programs and awards millions of taxpayer dollars each year to businesses in exchange for those businesses creating or retaining jobs in Pennsylvania.

The audit focused on the extent to which businesses that received job-creation assistance actually created or retained the jobs they promised.

Auditors reviewed records for 600 businesses that received \$212.9 million in grants and loans from 2007-2010, and they found that only 56 percent of the businesses actually created and/or retained all of the jobs promised.

“Job-creation programs are a critical tool in fostering a competitive business environment,” Auditor General DePasquale said. “However, it is essential that these programs are properly monitored to ensure that we are getting a suitable return on investment for tax dollars.”

In January 2017, DCED announced plans to follow many of the audit’s recommendations.

Read the full audit on www.paauditor.gov.

PRODUCING ACTION

September 2016



Commonwealth Media Services

Members of the Pennsylvania Coalition Against Rape and other victim advocates stand with Auditor General Eugene DePasquale during a press conference Sept. 7, 2016, on his special report on the commonwealth's untested rape kits. DePasquale continues to push to find funding to pay for backlogged kits to be tested.

Counting rape kits, helping victims get justice

Inadequate communication. Errors in a Department of Health (DOH) report. Resource shortages.

All these problems and more were found during an eight-month review of the state's backlog of untested rape kits. And all of them could be leading to delayed justice for rape victims.

The special report evaluated the data DOH collected from local law enforcement agencies for its first report, which was required by the Sexual Assault Testing and Evidence Collection Act (Act 27 of 2015). DOH's April 2016 report showed 3,044 total untested rape kits in the commonwealth, including 1,852 kits that were backlogged (awaiting testing for 12 months or more).

"Both DOH and police must act swiftly to resolve the backlog of untested rape kits — some of which date to the 1990s,"



Auditor General Eugene DePasquale said. "Failing to act expeditiously on this adds yet another insult to victims of rape."

However, DePasquale's report found, poor communication to local law enforcement agencies led to a low participation rate in DOH's report — which in turn caused an undercounting of kits awaiting testing.

"Without an accurate count, how are labs supposed to know how many kits will be coming in to be tested?" DePasquale said. "An accurate count is the

foundation on which every other part of the process to test these kits rests."

DePasquale called for stakeholders to convene immediately to address resource shortages and insufficient communication that is preventing Act 27 from being fully carried out.

"Getting these rape kits tested is not only the right thing to do for victims, but is also a clear way to catch criminals and prevent future crimes," DePasquale said.

"Pennsylvania needs to test every kit that has received victim consent for testing because every kit could have valuable evidence that might help apprehend sexual predators."

Read the full special report online at www.paauditor.gov.

COMING IN 2017



Commonwealth Media Services

Auditor General Eugene DePasquale and then-Attorney General Bruce Beemer talk about their joint audit of the Philadelphia Parking Authority on Nov. 3, 2016.

Auditing Philadelphia's Parking Authority

After a sexual harassment scandal led to the resignation of the Philadelphia Parking Authority's (PPA) former executive director, Auditor General DePasquale began an audit of the authority.

"The recent incidents at the Philadelphia Parking Authority underscore the long-overdue need for full performance and financial audits by an independent statewide agency," DePasquale said in September 2016.

This call to action resulted not only in the PPA agreeing to a limited performance audit focused on the PPA's rules and procedures on

sexual harassment and employment but also in a joint audit with the Office of the Attorney General.

The joint audit's focus will include:

- PPA's contracting and procurement policies and procedures;
- PPA's parking prices related to the On-Street Parking program; and
- PPA's determination of expenses related to the On-Street Parking Program and its transfer of net revenue to the School District of Philadelphia in accordance with applicable law.

Evaluating management of SERS, PSERS plans

Simultaneous audits of the Public School Employees' Retirement System (PSERS) and the Pennsylvania State Employees' Retirement System (SERS) will be conducted during 2017.

SERS and PSERS are the state's two largest public pension plans, managing \$78 billion in assets for more than 854,000 state and school employees and retirees.

Preliminary objectives for each audit include:

- determine if SERS' and PSERS' governance structures, delineation of decision-making responsibility, investment expertise and resources are adequate to provide effective oversight of investment operations;
- determine if SERS' and PSERS' external investment advisers and consultants are properly procured and investment fees are reasonable and consistent with investment performance measures; and
- evaluate the diversity of SERS' and PSERS' investment portfolio to determine if the investment strategies are prudent to minimize risk based on market conditions.

Opioid crisis: Looking at drug rehab programs

The opioid crisis in America is growing into an epidemic.

Drug-related overdose deaths in Pennsylvania are higher than the national average; and, of the neighboring states of Ohio, West Virginia, Maryland, New York and New Jersey, Pennsylvania has the second-highest rate of drug-related overdose deaths.

In 2015, there were 3,383 drug overdose deaths in Pennsylvania, which marks a 23.4 percent increase from 2014, and preliminary statistics from 2016 indicate yet another increase.

To help address the dramatic increase in opioid addiction and deaths in the commonwealth, Auditor General Eugene DePasquale's audit team is already working to determine if three state agencies are monitoring and measuring the effectiveness of opioid-related drug treatment initiatives.

"Opioid addiction is killing people, ripping apart families and tearing apart our society," DePasquale said. "It's devastating and it's heartbreaking."

Initiatives for the special performance audits include:

- determining the extent to which the state departments of Corrections, Human Services, and Drug and Alcohol Programs are monitoring and measuring the effectiveness of opioid-related drug treatment initiatives.



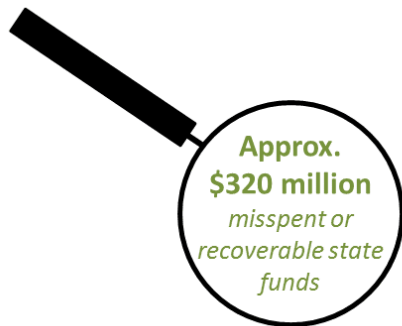
Auditor General Eugene DePasquale

Eugene A. DePasquale became the 51st Auditor General on Jan. 15, 2013, and was sworn in for a second term on Jan. 17, 2017.

As the state’s chief fiscal watchdog, DePasquale is committed to seeing that taxpayer dollars are spent properly and effectively.

DePasquale is focusing audits on areas that will improve the lives of all Pennsylvanians and prepare our state for a brighter future. He is also ensuring transparency and accountability in state government.

Found/Identified \$320.2 Million Since 2013



★ School Districts	\$235.12 million
★ Corporate Tax Return Underpayments	\$36.80 million
★ Liquid Fuels	\$20.22 million
★ Children & Youth Services	\$14.56 million
★ VFRAs <small>(Volunteer Firefighters' Relief Associations)</small>	\$5.32 million
★ Tobacco Settlement Fund	\$4.99 million
★ Municipal Pensions	\$3.19 million

Major In-House Cost Savings



★ Reduced travel and transportation costs (includes cutting vehicle fleet by 94%, from 244 to 14)	\$877,000
★ Modernization of HR functions	\$791,000
★ Reorganization and consolidation of Department bureaus	\$605,000
★ Reduction of leased offices, parking spaces	\$400,000
★ Printing & postage efficiencies	\$194,000

All information as of December 2016

Contact Us

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613 North Street
Harrisburg, PA 17120

To report suspected misuse, fraud or waste of state tax dollars, use the Auditor General Hotline:

Email:

auditorgen@paauditor.gov

Hotline website:

www.MakePaBetter.com

Hotline:

1-800-922-8477

About the department

The Department of the Auditor General is divided into eight audit bureaus:

- Bureau of School Audits
- Bureau of Children & Youth Services
- Bureau of Fire Relief Audits
- Bureau of Municipal Pension and Liquor Control Audits
- Bureau of County Audits
- Bureau of IT Audits
- Bureau of State & Federal Audits
- Bureau of Performance Audits