

# PERFORMANCE AUDIT

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## Selinsgrove Center Snyder County, Pennsylvania

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October 2014



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



**Commonwealth of Pennsylvania  
Department of the Auditor General  
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**EUGENE A. DePASQUALE  
AUDITOR GENERAL**

Honorable Tom Corbett  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

This report contains the results of a performance audit of Selinsgrove Center of the Department of Public Welfare for the period July 1, 2009 through June 30, 2013, unless otherwise noted. We conducted our audit pursuant to Section 402 of The Fiscal Code and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Our report details our two audit objectives, scope, methodology, findings and recommendations. Our objectives were:

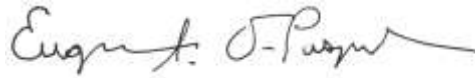
- To determine if Selinsgrove Center provided and monitored training for direct care staff employees in accordance with Department and Center policies; and
- To determine whether Selinsgrove Center efficiently and effectively monitored selected medical service contracts.

Our audit resulted in the following findings that are detailed in the report:

- Selinsgrove Center's licensed direct care staff employees complied with training requirements
- Selinsgrove Center lacked training requirements for unlicensed direct care staff employees
- Selinsgrove Center did not effectively monitor the training it did provide to licensed and unlicensed direct care staff employees
- Selinsgrove Center monitored selected contracted medical service providers; however, improvements in the monitoring process are needed.

We discussed the contents of the report with the management of the institution, and all appropriate comments are reflected in the report. We would like to thank the management and staff of Selinsgrove Center for the courtesy and professionalism they extended to us during the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale  
Auditor General

October 24, 2014

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**Background  
Information**

*History, mission,  
and operating  
statistics*

**Department of Public Welfare – Office of Developmental Programs**

The Office of Mental Retardation was established within the Department of Public Welfare (DPW) by an Executive Board order on December 8, 1972. In 2008, as a result of reorganization, the Office of Mental Retardation became the Office of Developmental Programs. Within that office, the Bureau of Supports for People with Intellectual Disabilities directs the fiscal and program planning, management, and oversight of all mental retardation program operations including state-operated facilities and community mental retardation programs.

To provide care in the institutional setting, the Bureau is directly responsible for the operation of five intermediate care facilities: Ebensburg, Hamburg, Polk, Selinsgrove, and White Haven. The state centers are physically separate institutions that provide residential care to individuals with intellectual disabilities.

The mission of the state centers is as follows:

Our mission is to provide a healthy and safe home that supports people to have a full, rich, and self-determined life.<sup>1</sup>

Selinsgrove Center, referred to in this report as the Center, is operated under DPW's Bureau of Supports for People with Intellectual Disabilities. It was established by authority of the state legislature in 1917 as The Eastern State Hospital for the Insane. The Center is located on 254 acres of land in Snyder County near the borough of Selinsgrove and it is comprised of 51 buildings.

The Center is licensed by the Pennsylvania Department of Health as a 579-bed intermediate care facility. During our audit period, the Center was eligible to receive cost of care reimbursements from the federal government through the Medical Assistance Program for services rendered to eligible individuals.<sup>2</sup>

A facility director administers the Center's day-to-day management functions. Additionally, a nine-member Board of Trustees provides advisory services to the Center.

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<sup>1</sup> <http://www.dpw.state.pa.us/foradults/statecenters/> Accessed January 30, 2014.

<sup>2</sup> Cooperative Agreement #918461200 between Department of Public Welfare and Department of Health, July 1996. Section I A.

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The table below shows unaudited Center operating statistics compiled from DPW and commonwealth reports for the fiscal years ending June 30, 2010 through June 30, 2013:

**Selinsgrove Center Operating Statistics  
For Fiscal Years Ending June 30**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Operating expenditures <sup>3</sup>				
State	\$25,066,294	\$26,479,168	\$33,429,559	\$34,747,996
Federal	46,427,976	45,777,000	39,968,582	39,364,932
Total	\$71,494,270	\$72,256,168	\$73,398,141	\$74,112,928
Employee complement at year end <sup>4</sup>	917	891	905	878
Bed capacity at year end <sup>5</sup>	579	579	579	579
Available individual days of care <sup>6</sup>	211,335	211,335	211,914	211,335
Daily average individual census <sup>7</sup>	330	317	304	286
Actual individual days of care <sup>8</sup>	120,508	115,545	111,155	104,468
Percent utilization <sup>9</sup>	57.0%	55.0%	52.0%	49.0%
Daily average cost per individual <sup>10</sup>	\$593.27	\$625.35	\$660.32	\$709.43
Yearly average cost per individual <sup>11</sup>	\$216,544	\$228,253	\$241,677	\$258,942

Although operating expenses at the Center increased 3.6 percent from fiscal year 2009-2010 to fiscal year 2012-2013, the daily average cost per individual at the Center increased 19.6 percent over the same period, from \$593.27 per day in fiscal year 2009-2010 to \$709.43 per day in fiscal year

<sup>3</sup> Operating expenditures were recorded net of fixed assets, an amount that would normally be recovered as part of depreciation. Commonwealth of Pennsylvania, Systems Application Products, Accounting software.

<sup>4</sup> Department of Public Welfare, Complement Report for Selinsgrove Center.

<sup>5</sup> Selinsgrove Center Community Configurations and Capacities of Each Living Area.

<sup>6</sup> Available individual days of care were calculated by multiplying bed capacity by the number of days in the year.

<sup>7</sup> Daily average individual census was calculated by dividing the actual individual days of care for the year by the number of calendar days in the year.

<sup>8</sup> Information provided by Medical Program Director.

<sup>9</sup> Percent Utilization was calculated by dividing the actual individual days of care by the available individual days of care.

<sup>10</sup> Daily average cost per individual was calculated by dividing the total operating expenditures by the actual individual days of care.

<sup>11</sup> Yearly average cost per individual was calculated by multiplying the daily average cost per individual by the number of days in the year.

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2012-2013. The 19.6 percent increase is directly attributable to a steady decline in the utilization of the Center. The daily average census at the Center decreased 13.3 percent over the period. DPW needs to determine the cause(s) of the steady decrease in utilization of the Center and take action to increase use of the facility.

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**Objectives,  
Scope, and  
Methodology**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our performance audit of Selinsgrove Center had two objectives. We selected those objectives from the following areas: direct care staff training and medical service provider contracts. The specific audit objectives were as follows:

**One** To determine if Selinsgrove Center provided and monitored training for direct care staff employees in accordance with Department and Center policies. (Findings 1, 2 and 3)

**Two** To determine whether Selinsgrove Center efficiently and effectively monitored selected medical service contracts.<sup>12</sup> (Finding 4)

Unless indicated otherwise, the scope of the audit was from July 1, 2009 through June 30, 2013.

To accomplish our objectives, we obtained and reviewed records and analyzed pertinent regulations, policies, agreements, and guidelines of the Commonwealth of Pennsylvania, the Department of Health, the Department of General Services, the Department of Public Welfare, and Selinsgrove Center. In the course of completing our audit, we interviewed various Center management and staff. The audit results section of this report contains the specific inquiries, observations, tests, and analyses conducted for each audit objective.

We also performed inquiries and tests as part of, or in conjunction with, our current audit to determine the status of the implementation of the recommendations made during our prior audit related to Medicare Part B revenue.

Center management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that the Center is in compliance with applicable laws, regulations, contracts, grant agreements, and administrative policies and procedures. During our audit, we obtained an understanding of the Center's internal controls. The

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<sup>12</sup> Dr. Lawrence Laszlo Von Rago, medical services provider; and Liberty Healthcare (Dr. John S. Stumpf, Dr. Laszlo Geder, Dr. Thomas Graves, and Christina Peachey, Speech/Hearing/Language) medical services providers.



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controls included information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during our audit, and determined to be significant within the context of our audit objectives, are included in this report.

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**Audit Results**

In the pages that follow, we have organized our audit results into two sections, one for each objective. Each of the two sections is organized as follows:

- Statement of the objective
- Relevant laws, policies, and agreements
- Audit scope in terms of period covered, types of transactions reviewed, and other parameters that define the limits of our audit
- Methodologies used to gather sufficient and appropriate evidence to meet the objective
- Finding(s)
- Recommendation(s), where applicable
- Response by Selinsgrove Center management, where applicable
- Our evaluation of Selinsgrove Center management's response, where applicable

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**Audit Results  
for  
Objective One**  
*Training for  
direct care staff*

**The objective**

Objective one for our performance audit was to determine if Selinsgrove Center provided and monitored training for direct care staff<sup>13</sup> employees in accordance with Department and Center policies.

**Relevant laws, regulations, policies and agreements**

According to Pennsylvania’s regulations in Title 49 Pa. Code, direct care staff employees who are required to fulfill continuing education unit (CEU) requirements must have an active state license. The licenses are issued by the Department of State and kept on file at the Center. Regulations require licensed direct care staff, such as physicians and registered nurses, to complete a minimum number of CEU hours either annually or biennially. The CEU hours a licensed direct care worker must obtain to comply with the regulations depends upon the care worker’s medical job classification.

Neither the Center nor the Department of Public Welfare mandates specific training for direct care staff employees who are not required to be licensed.<sup>14</sup>

The Center’s procedure to monitor training is described in Commonwealth of Pennsylvania, Department of Public Welfare, Personnel Manual, section 7121, “Training and Development” which provides the following general guidelines:

The Bureau of Personnel shall design standards and promulgate guidelines for the efficient organization and operation of the Department’s staff training and development system and administer the training and development system to include policies, procedures, methods, evaluation, records, and reports.

Additionally, The Bureau of Personnel shall administer the Department’s training and staff development programs to include maintaining records on training and development activities for use in analysis, planning, and reporting by use of the Training Records Information System (TRIS)<sup>15</sup>. The

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<sup>13</sup> Direct care staff employees provide care and services directly to Center residents.

<sup>14</sup> Title 49 Pennsylvania Code sets the Profession and Vocational standards for each of the following professional licenses in our selection in Chapters: 16 (Medical Doctor), 21 (Nurses), 29 (Podiatry), and 33 (Dentistry).

<sup>15</sup> According to Center officials the TRIS application known as Enterprise Training System (ETS) was discontinued at Selinsgrove Center in December 2009 and went offline to all five centers in January 2011.

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programs shall include monitoring, auditing, and evaluating training and development programs and taking actions to ensure quality, job relevance, and efficient transference of learned skills to the job.

Pennsylvania regulations for intermediate care facilities such as Selinsgrove do not mandate training requirements for direct care staff beyond what is specified in the Code of Federal Regulations or CFR for Medicare and Medicaid certified facilities. The Center is a certified facility to which the following federal regulations and standards apply:

- The facility must provide each employee with initial and continuing training that enables the employee to perform his or her duties effectively, efficiently, and competently.
- For employees who work with clients,<sup>16</sup> the training must focus on skills and competencies directed toward clients' developmental, behavioral, and health needs.
- Staff must be able to demonstrate the skills and techniques necessary to administer interventions to manage the inappropriate behavior of the clients.
- Staff must be able to demonstrate the skills and techniques necessary to implement the individual program plans for each client for whom they are responsible.<sup>17</sup>

The Center primarily trains direct care staff by providing an annual refresher training self-study that all Center employees are required to read. Courses such as Fire Safety, Right to Know, and Fall Prevention are a few of the topics included in the refresher training.

The employees are tested on the material and must score a minimum of 80 percent to pass.

In addition, the Center's training department distributes hard copies of training policies to the appropriate direct care staff employee as deemed necessary. Each policy lists the specific job classifications that should complete the training policy.

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<sup>16</sup> Clients are considered the individuals residing in or residents of Selinsgrove Center for this report.

<sup>17</sup> Code of Federal Regulations 483.430(e) Condition of participation: Facility staffing – Standard: Staff Training Program.

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Once the training is successfully completed, the training coordinator asks the employees to sign a record of the training completion which is then filed with the employees' training records.

In addition to the Center's oversight of employee training, the Department of Health conducts periodic inspections of the Center. These inspections routinely include a review of employee training. If an inspection results in the issuance of citations for deficiencies, the Center must prepare a plan of correction<sup>18</sup> that outlines how and when it will correct the deficiencies.

If no deficiencies are found during an inspection, the Department of Health authorizes the Department of Public Welfare to issue the Center an annual Certificate of Compliance.

**Scope and methodologies to meet our objective**

Our audit focused on training provided to the Center's direct care staff employees.

To accomplish our direct care staff training objective, we obtained and reviewed federal and state regulations applicable to Center employee training.

We reviewed the applicable Department and Center's policies to gain an understanding of how training is monitored for direct care staff.

We interviewed the Center's training coordinator who held that position during our audit period to gain an understanding of the monitoring process for direct care staff training and to ascertain the training requirements.

We interviewed the Center's planning and evaluation director to gain an understanding of how Department of Health deficiencies related to training are addressed by the Center.

We obtained job descriptions for the staff development specialist (training coordinator) and the residential service aides and we reviewed the duties and responsibilities for each position.

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<sup>18</sup> Code of Federal Regulations CFR §20.52 Plan of Correction, If, during an inspection, authorized agents of the Department observe items of noncompliance with licensure or approval regulations, the legal entity shall submit an acceptable written plan to correct each noncompliance item and shall establish an acceptable period of time to correct these items.

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We obtained a listing of the training policies issued and the courses taught by the Center's training department that were applicable to each direct care staff classification during calendar years 2010 through 2013.

We selected seven licensed direct care staff employees to determine if the training received by the employees was in compliance with Title 49 Pa. Code requirements.

The Center set no training requirements for unlicensed direct care staff; therefore, we performed a review of training records for 21 residential service aides. Residential service aides made up a majority of the unlicensed direct care staff. As of September 4, 2013, 70 percent or 481 of the 686 employees in the 19 direct care classifications were residential service aides or aide trainees. Residential service aides have daily contact with the residents at the Center. The remaining 30 percent of the direct care staff was comprised of employees in 18 classifications including residential aide supervisors and therapeutic activities and service workers.

We reviewed employee training records to determine the number of training policies<sup>19</sup> completed during calendar years 2010, 2011, and 2012.

We reviewed the deficiencies cited in the 2010 through 2013 Department of Health inspection surveys of the Center, the Center's response to the inspections, and the Department of Health's approval letters. See Finding 3.

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**Finding 1**

**Selinsgrove Center's licensed direct care staff employees complied with training requirements.**

We examined the training records for seven of the Center's licensed direct care staff employees (dentist, podiatrist, physician, and four nurses). Licensed direct care staff employees are required to complete annual or biennial training in order to maintain their licenses issued through the Pennsylvania Department of State. Their training requirements are described in Title 49 Pa. Code. All seven (7) licensed direct care staff employees were in compliance with training requirements and their licenses were on file at the Center.

According to regulations contained in Title 49 Pa Code, licensed direct care staff employees are required to fulfill continuing education unit (CEU) requirements in order to maintain an active state license. The

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<sup>19</sup> Training policies issued by DPW and the same as individual training courses.

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regulations require licensed direct care staff employees to complete a minimum of 30 and a maximum of 100 CEU hours bi-annually. All seven employees met the minimum required CEU hours to maintain their licenses.

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**Finding 2**

**Selinsgrove Center lacked training requirements for unlicensed direct care staff employees.**

Although Selinsgrove Center provided training to its unlicensed direct care staff, the Center did not establish specific training requirements for unlicensed direct care staff employees. The Center did not set a minimum number of training hours that unlicensed direct care workers must earn. The Center did not identify specific training workers needed to enable them to properly serve residents in their care.

Unlike licensed direct care staff employees who, to maintain their licenses, must comply with the training requirements that are described in Title 49 Pa. Code, unlicensed direct care workers have no license to maintain and no training requirements specified in the Pennsylvania Code.

As previously stated, Medicare and Medicaid certified facilities are required to:

- Provide each employee with initial and continuing training that enables the employee to perform his or her duties effectively, efficiently, and competently.
- For employees who work with clients, the training must focus on skills and competencies directed toward clients' developmental, behavioral, and health needs.
- Staff must be able to demonstrate the skills and techniques necessary to administer interventions to manage the inappropriate behavior of the clients.
- Staff must be able to demonstrate the skills and techniques necessary to implement the individual program plans for each client for whom they are responsible.

Although this regulation is applicable to the Center, the Center did not have a training plan in place to ensure compliance with federal requirements.

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Our audit found that training was conducted at the Center and that all 21 unlicensed direct care staff employees in our test group successfully completed the annual refresher course during our audit period. According to the Center's training coordinator, in addition to the annual refresher course, 16 new training policies were officially issued to unlicensed direct care workers by the Center's training department in calendar year 2012. There were also 20 existing training policies available for unlicensed direct care workers. Although there were 36 training policies available to unlicensed direct care workers, no training plan was developed to ensure each individual employee had the necessary level of skill to provide for the specific needs of each resident in his or her care.

Our interviews with training department staff confirmed that there were no specific requirements in place for unlicensed direct care staff employees. As a result, the direct care workers were not required to complete the 16 new policies or any of the existing 20 policies. The lack of training requirements prevented Center management from having the assurance that all unlicensed direct care staff employees were properly trained to perform their essential job functions which include, but are not limited to:

- Assisting, guiding, and encouraging individuals<sup>20</sup>
- Providing routine physical care to individuals
- Positions/lifts for non-ambulatory individuals
- Observing and reporting individual's behavior
- Escorting individuals to various activities
- Performing CPR, Heimlich maneuver, and other emergency procedures
- Participating in housekeeping functions
- Understanding and interpreting oral and written instructions.

The lack of specific training requirements for unlicensed direct care staff could result in individual staff being unprepared to provide the best care to the Center's residents. Residents have varying levels of intellectual disabilities and they require extensive support with activities of daily living, social skills, medical care, and vocational training. Also, the lack of training requirements could increase the risk of injury to unlicensed direct care workers and residents.

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<sup>20</sup> Individuals are considered the residents of Selinsgrove Center for this report.



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| <b>Recommendations<br/>for Finding 2</b> | <ol style="list-style-type: none"><li>1. Selinsgrove Center should collaborate with the Department of Public Welfare to develop written training requirements for each unlicensed direct care staff job classification.</li><li>2. Selinsgrove Center should take into consideration the skills of each individual unlicensed direct care worker, the needs of individual residents in the direct care worker's care, and the requirements of the Code of Federal Regulations to develop training plans specific to each direct care worker.</li></ol> |
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**Management  
Response**

*The first recommendation is to develop a standard set of training requirements for direct care staff specific to their job classification. We will begin working on this internally and involve the Office of Developmental Programs in the development of training for specific direct care job classifications.*

*The second recommendation outlines specific direct care staff training based on the needs of the people they are supporting. We do this currently to assure staff are current in the needs of the people we support and will look at ways to improve in this area moving forward.*

**Auditors'  
Conclusion**

We are pleased that Selinsgrove Center's management agreed with our recommendations and that management has already taken action to implement the recommendations. During our next audit, we will evaluate whether our recommendations have been implemented.

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**Finding 3**

**Selinsgrove Center did not effectively monitor the training it did provide to licensed and unlicensed direct care staff employees.**

Our audit of the Selinsgrove Center's training records found that the Center failed to perform the following:

- To effectively monitor training of direct care staff.
- To coordinate additional training between the Center's training coordinator and the planning and evaluation director.
- To maintain a single database consolidating training records.

These deficiencies are explained in more detail in the following:

***Failure to effectively monitor training***

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We found that Selinsgrove Center and the Department of Public Welfare did not have written policies and procedures for monitoring direct care staff training. The lack of written policies and procedures to monitor direct care staff employee training prevents the Center from ensuring that all direct care staff employees are trained. Proper monitoring would enable the Center to identify training deficiencies that require correction so that all direct care staff are trained and qualified to provide for and promote the safety, welfare, and quality of life for the Center's residents.

The training coordinator provided us with a listing of policies for residential service aides; however, there were no requirements that the aides complete the training. We found that although the training coordinator input the date the employee successfully completed a training policy into the employee's training record, the training coordinator did not compare the information in the employee's training record to the listing of applicable policies issued to each employee for their specific job classification. The training coordinator did not monitor to ensure that the training policies applicable to specific job classifications were completed by the appropriate employees.

***Failure to coordinate additional training between the Center's training coordinator and the planning and evaluation director***

We examined training deficiencies identified in the four annual surveys of the Center performed by the Department of Health. The deficiencies contained in all four surveys were addressed by the Center with the preparation of plans of correction that were approved by the Department of Health. Plans of correction require employee training to address deficiencies. The Center's planning and evaluation director prepared and maintained the employee records that documented completion of the training required by the plans of correction. This training was conducted without the knowledge or formal oversight of the Center's training coordinator. We found that there was no communication between the training coordinator and the planning and evaluation director regarding training. The lack of communication resulted in two sets of training records. The Center's training coordinator, who is ultimately responsible for monitoring employee training and maintaining accurate records, was not aware of training completed by employees in response to Department of Health inspection deficiencies.

***Failure to maintain a single database consolidating training records***

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During our audit period, the Center's training records were maintained on several different electronic computer files including a policy distribution spreadsheet, a permanent record of training, an employee training transcript, and a student history report. According to the Center's training coordinator, "The Center would like to have a database that consolidates all employees' training records."

The Department of Public Welfare's Office of Development provided the Center with the Enterprise Training System (ETS) to consolidate training records. Center officials stated that the ETS application failed to provide the Center with the capacity to centralize employees training records and the training coordinator stated that the Center discontinued using the ETS application in December 2009. The ETS application was not replaced and, as a result, the Center's training records were not consolidated.

Without consolidated training records, the Center was not able to monitor, review, and analyze employee training. Because it did not have consolidated training records, the Center was unable to maintain records on training and development activities for use in analysis, planning, and reporting on the Department of Public Welfare's Training Records Information System (TRIS). The training coordinator was unable to monitor and evaluate training requirements as a whole or to take action to ensure that each direct care staff employee learned the skills required to perform his or her job.

Selinsgrove Center's training department did not adequately monitor training to ensure that the direct care staff was adequately trained to provide for and promote the safety, welfare, and quality of life for the Center's residents.

**Recommendations  
for Finding 3**

1. The Center should develop written policies and procedures for the training coordinator to monitor training for direct care staff employees to ensure that all required training policies are completed.
2. The training coordinator should collaborate and coordinate with the planning and evaluation director regarding any training provided as a result of Department of Health cited deficiencies.
3. Department of Public Welfare should provide the Center with a centralized web-based system to efficiently track and monitor direct care staff training records and to be able to use the department's Training Record Information System.

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**Management  
Response**

*The first recommendation indicated that all required training for direct care staff should be monitored by the training coordinator and this should be incorporated into policy and procedures. We have begun to filter all trainings through the staff development office and this practice will be incorporated into our policies and procedures. The second recommendation indicated that all training related to Department of Health deficiencies should be coordinated through the training coordinator. We have begun this practice and will continue going forward with the staff development office monitoring all trainings related to Department of Health deficiencies and recommendations. The third recommendation related to this finding is Department of Public Welfare should provide a web based training tracking system. This recommendation will be passed along to the Office of Developmental Programs and the Department of Public Welfare for consideration.*

**Auditors'  
Conclusion**

We are pleased that Selinsgrove Center's management agreed with our recommendations and that management has already taken action to implement the recommendations. During our next audit, we will evaluate whether our recommendations have been implemented.

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**Audit Results  
for  
Objective Two**

Contract  
Monitoring

**The objective**

Objective two for our performance audit was to determine whether Selinsgrove Center efficiently and effectively monitored selected medical service contracts.

**Relevant laws, policies, and agreements**

Through the Department of Public Welfare, the Center entered into three (3) contracts with a provider (psychiatrist) during the audit period to provide psychiatric services for individual residents. The first contract covered the period from February 19, 2007 to May 18, 2012, and was between the Department of Public Welfare and a psychiatrist. The second contract was also between the Department of Public Welfare and the same psychiatrist and covered the period from June 1, 2012 to May 31, 2017.

A third statewide contract was executed between the Department of General Services and a temporary medical staffing service.<sup>21</sup> Under terms of the contract, the temporary medical staffing service was to provide Selinsgrove Center with two psychologists, one neurologist, and one speech, language, and hearing specialist. The contract covered the period from March 10, 2009 to March 9, 2014.

Under the authority of the Commonwealth Procurement Code,<sup>22</sup> the Department of General Services issued the *Procurement Handbook*, which provides the policies, procedures, and guidelines for state agencies to use when procuring supplies, services, and construction. Included in the *Procurement Handbook* are the requirements an agency must follow with regard to statewide contracts<sup>23</sup>. The handbook states the following:

A statewide requirements contract is a contract which is entered into by DGS and includes the annual, semi-annual, or quarterly contract requirements for the specified items to meet the requirement of all Commonwealth agencies. Agencies order needed materials or services directly from the contractor. When a statewide requirements contract is established by DGS, agencies are required to order their requirements for the specified items from the contractor(s) who holds the contract.

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<sup>21</sup> Liberty Healthcare.

<sup>22</sup> 62 Pa.C.S. section 101 *et seq.* Hereafter we refer to this law as the Procurement Code.

<sup>23</sup> See the Department of General Services' Procurement Handbook, Part 1, Chapter 9, Statewide Requirements Contracts." We refer to a "statewide requirements contract" as a "statewide contract" through this report.

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Included in the *Procurement Handbook* is the requirement that a monitor should be assigned to every agency contract. The monitor continuously tracks the progress and performance of a contract from announcement of the successful bidder to awarding of the contract through to acknowledgment of the contracted-for services and/or the delivery of pharmaceutical supplies. The requirement is codified in Part I, Chapter 54 of the *Procurement Handbook* which is titled “Contact Person Responsibilities.”

Another policy guide relevant to Center contracts was issued by the Office of Administration through Management Directive 205.4.<sup>24</sup>

**Scope and methodologies to meet our objective**

To accomplish our contract monitoring objective, we reviewed the *Procurement Handbook* and its requirements related to the contact person’s responsibilities in contract management. The *Procurement Handbook* standardizes the monitoring of contracts statewide, thus eliminating the need for either DPW or the Center to establish contract monitoring procedures.

We obtained and reviewed contract documentation for two medical service providers.

We interviewed the Center’s Director of Health Services, the business manager, an administrative officer, and the accountant in order to gain an understanding of contract monitoring and payment processing procedures. The Director of Health Services served as the contract monitor for the providers.

We obtained and reviewed all time sheets prepared and signed by providers during the audit period. Furthermore, we obtained and reviewed all invoices submitted by the providers for services rendered to the Center’s individual residents during the audit period.

We reviewed documentation supporting appointments and interactions between service providers and residents.

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<sup>24</sup>[http://www.portal.state.pa.us/portal/server.pt?open=512&objID=711&PageID=228891&mode=2&contentid=http://pubcontent.state.pa.us/publishedcontent/publish/cop\\_general\\_government\\_operations/oa/oa\\_portal/omd/p\\_and\\_p/m\\_anagement\\_directives/management\\_administrative\\_support/items/205\\_4\\_delegation\\_of\\_authority\\_to\\_sign.html](http://www.portal.state.pa.us/portal/server.pt?open=512&objID=711&PageID=228891&mode=2&contentid=http://pubcontent.state.pa.us/publishedcontent/publish/cop_general_government_operations/oa/oa_portal/omd/p_and_p/m_anagement_directives/management_administrative_support/items/205_4_delegation_of_authority_to_sign.html)

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**Finding 4**

**Selinsgrove Center monitored selected contracted medical service providers, however, improvements in the monitoring process are needed.**

Our audit found that the Center had the contracted psychiatrist and the temporary medical staff provided services to individual residents in accordance with contract requirements. Also, Selinsgrove Center assigned the Director of Health Services to monitor the provider contracts.

We found that the Center's contract monitor reviewed the signed time sheets, recalculated hours charged, made mathematical corrections, and forwarded the time sheets to the providers. The providers, in turn, prepared invoices and submitted those invoices to the Center's accounting office. The accounting office reviewed the invoices for time and hourly rate. Payments made to the two medical service providers were supported by the invoices, which were reviewed and approved for payment by the contract monitor.

We found through our test results, interviews, and review of documents that the Center complied with Management Directive 205.4 which restricts commitment or expenditure of Center funds to authorized individuals who were assigned a duty under the Commonwealth's accounting system.

We also reviewed documentation that confirmed the service providers treated the Center's residents while on-site.

However, our audit disclosed that Selinsgrove Center was not in compliance with the following sections of the Procurement Handbook, Part I, Chapter 54:<sup>25</sup>

- *Immediately alert and obtain guidance from the contracting officer and purchasing agency counsel if contractor is not performing satisfactorily or if terms of the contract are being violated.*

We found that providers are not rated or reviewed to determine whether they are performing satisfactorily or if the terms of their contracts are being violated. The psychiatrist submits electronic and hard copy reports to the contract monitor detailing his contacts with the individual residents. However, none of the other providers submit either electronic or hard copy reports to the contract monitor detailing their contacts with residents.

- *Conduct on-site visits to observe work in progress.*

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<sup>25</sup> *Ibid.* 15, p. 1 of 1, nos. 7, 8 10, and 11.

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We found that no regular on-site visits took place to observe the providers' work in progress with the Center's individual residents. The contract monitor acknowledged that some of the psychiatrist's appointments are attended by a psych aide or, at times, by one of the psychologists. No such acknowledgement was made regarding the other providers.

Auditors also found that the two psychologists, the neurologist, and the speech, language, and hearing specialist providers were assigned caseloads and were free to interact and make contact with individual residents within their caseload, with no oversight or observation by the contract monitor.

- *Before final payment, measure the work performed against the work statement. If performance does not meet contract requirements, it is incumbent upon the contact person to identify deficiencies and to advise the contracting officer so remedial action can be taken before final payment is made.*

We found that there was no formal measure of the psychiatrist's work against the work statement before final payment was made. The contract monitor did state that, as a licensed psychologist, she has a personal understanding of the electronic and hard copy reports that the psychiatrist submitted.

According to the contract monitor, the psychiatrist voluntarily prepared and submitted the electronic and hard copy reports. Whereas, the other providers did not prepare and submit electronic and hard copy reports. Therefore, no formal measure of their work was compared to the work statement that was made prior to final payment being made.

- *Prepare a final evaluation of the contractor's performance and forward it for inclusion with the agency's record copy of the contract.*

We found that no final evaluation of the contracted providers' performance was made. As a result there was nothing to include in the Center's record copy of the contracts.

Although, the Center monitored the contracts, improvements are needed in the monitoring process to address the deficiencies listed above. Medical service providers receive public funds to perform contractually obligated professional duties. However, unless the providers are adequately monitored, and their work evaluated and the results of the evaluation maintained there is no assurance that the services were fully performed in accordance with contractual terms and conditions. Each duty and



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responsibility enumerated in the Procurement Handbook was developed to ensure that providers render the contractually required services prior to receiving payment of their invoices.

**Recommendation  
for Finding 4**

1. Selinsgrove Center should develop an orientation and training program for contract monitors. The training should use The Procurement Handbook, Part I, Chapter 54 – Contact Person Responsibilities – as the primary source for training material. The training should emphasize the following:
  - Rating or reviewing providers to determine whether they are performing satisfactorily.
  - Conducting on-site visits to observe work in progress.
  - Measuring the work performed against the work statement and documenting the results.
  - Preparing a final evaluation of the contractor’s performance to include with Center’s record copy of the contracts.

**Management  
Response**

*The single recommendation outlines a training and orientation program that includes ratings, on-site monitoring of work, documented work results and an evaluation process for contract employees. Since the time of the audit we have reduced our contracted employees from 4 to 2 and have begun to outline a scope of work with documented monitoring of the employees. We will also develop a program to more efficiently monitor contracted employees and their respective work performance.*

**Auditors’  
Conclusion**

We are pleased that Selinsgrove Center’s management agreed with our recommendations and that management has already taken action to implement the recommendations. During our next audit, we will evaluate whether our recommendations have been implemented.

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**Status of Prior  
Audit**

Government auditing standards require that we evaluate whether the Center has implemented recommendations made in prior audits. In this section, we provide an overview of our prior audit recommendations and our procedures for determining the status of the Center's implementation of those recommendations.

The prior audit report of Selinsgrove Center covered the period July 1, 2004 through June 22, 2007, and contained four findings. However, three of the findings were positive and thus had no recommendations (Findings 2, 3, and 4). The remaining finding (Finding 1), its accompanying recommendation, and the status of the Center's implementation of the recommendation are presented below.

**Scope and methodologies of our audit work**

To determine the status of the implementation of the recommendations made during the prior audits, we held discussions with appropriate Center personnel and performed tests as part of, or in conjunction with, the current audit.

**Prior Finding 1      Selinsgrove Center did not maximize Medicare Part B revenue.  
(Resolved)**

Our prior audit report determined that the Center did not bill for eligible Medicare Part B podiatry procedures. As a result, the Center did not collect an estimated \$24,226 in Medicare revenue for the two-year period from July 1, 2004 through June 30, 2006.

We recommended that the Center establish procedures to ensure that all doctors have an active Medicare provider number. Also, all billable Medicare procedures should be documented on encounter forms and the encounter forms should be submitted timely to the billing office for use in the preparation of the Medicare billing. In addition, to maximize Medicare Part B revenue, all eligible procedures less than two years old should be billed to Medicare regardless of whether a penalty will be incurred.

In the Department of Public Welfare's response dated May 13, 2008, the Department agreed with this finding and recommendation. An application to reactivate the Medicare provider number for Selinsgrove's staff podiatrist was submitted to Medicare in February 2008. That application had been processed per a letter from the Center for Medicare and Medicaid Services, Medicare Part B dated April 4, 2008. The encounters

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for billable podiatry services have been assembled, and the services will be processed.

**Status as of this audit.** During the current audit, on October 8, 2013, the medical service director stated that there are procedures in place to ensure encounter forms are submitted timely to the billing office for use in the preparation of the Medicare billing. Additionally, Medicare Part B procedures now have a 12-month limitation for filing purposes, as opposed to the two year limitation that was in effect during the prior audit period. The medical service director provided a complete listing of the provider numbers for the physicians who are currently on staff, including the podiatrist. We reviewed documentation that corroborated the medical service director's statements.

As part of the follow-up to this prior finding and recommendation, we examined encounter forms and determined they were completed in accordance with regulations.

Based on our interview with the medical service director and our review of documentation, including the encounter forms, we conclude that the Center implemented the prior audit recommendations.

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