

**Commonwealth of Pennsylvania**  
**Department of Public Welfare**  
**Loysville Youth Development Center**  
**July 1, 2004, to September 28, 2007**  
**Performance Audit**





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July 10, 2008

The Honorable Edward G. Rendell  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

This report contains the results of a performance audit of the Loysville Youth Development Center of the Department of Welfare for the period July 1, 2004, to September 28, 2007, except where we expanded the scope to assess all relevant information objectively. The audit was conducted pursuant to Section 402 of The Fiscal Code and in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

The report details the audit objectives, scope, methodology, findings, and recommendations. Auditors concluded that Center officials did not comply with procedures for investigating and resolving incidents of alleged resident abuse, and responsibilities for monitoring and enforcing training requirements were not clearly defined. Auditors also found that the Department of Public Welfare's Office of Children Youth and Families, the statewide overseer of child welfare services and youth development centers, has not mandated staffing ratios for Loysville.

The contents of the report were discussed with the officials of Loysville Youth Development Center and all appropriate comments are reflected in the report.

We appreciate the cooperation extended to us by the management and staff of Loysville and by others who provided assistance during the audit.

Sincerely,

JACK WAGNER  
Auditor General



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## **Background Information**

### **Department of Public Welfare – Office of Children, Youth and Families**

The Office of Children, Youth and Families was established in 1980 as a distinct office within the Department of Public Welfare (DPW) directed by the Deputy Secretary of Children, Youth and Families. The responsibilities of the Office include child welfare services, the operation of youth development centers, youth forestry camps, and child day care services. Pennsylvania's child welfare system is county-administered and state-supervised. Child welfare and juvenile justice services are organized, managed, and delivered by county Children and Youth agencies and county Juvenile Probation offices.<sup>1</sup>

The Youth Development Center/Youth Forestry Camp (YDC/YFC) system had already been established in 1959 under authority of DPW. The YDC/YFC system comprised the public sector portion of the institutions for delinquent youth, which now fell under the responsibility of the Office of Children, Youth and Families.

The YDC/YFC system provides counseling and treatment services in an attempt to help delinquent youth understand the impact of their behavior, accept responsibility for their actions, take action to repair the damage they have caused, and develop their own capacities. The goal is to help the youth become fully integrated and respected members of both the facility and their home communities.<sup>2</sup>

### **Bureau of Juvenile Justice Services**

In 1985, DPW established the Bureau of State Children and Youth Programs within the Office of Children, Youth and Families. This organization consolidated the administration, management, and oversight responsibilities of the YDC/YFC system into one central office, thereby providing consistent management of the diverse programs and services essential to addressing the changing needs of delinquent youth. The Bureau of State Children and Youth Programs is now referred to as the Bureau of Juvenile Justice Services (Juvenile Justice). Juvenile Justice is responsible for the management, operations, program planning and oversight of all the Youth Development Center and Youth Forestry Camp facilities. These facilities are designed to provide state-of-the-art treatment, care and custody services to Pennsylvania's most at-risk youth.

The youth entrusted to care are male and female adolescents who have been adjudicated delinquent by their county judicial system. From the time of referral, every youth receives individualized treatment services based on his/her strengths and needs. Juvenile Justice

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<sup>1</sup> <http://www.dpw.state.pa.us/Child/JuvenileDelinq/003670346.htm>, viewed March 30, 2007.

<sup>2</sup> <http://www.dpw.state.pa.us/Child/JuvenileDelinq/003670431.htm>, viewed July 24, 2007.

## **Background Information**

treatment services value strong child, family and community partnerships, promote competency development and victim awareness, while advocating for the continued improvement and integration of all child-serving systems.

All aspects of the Juvenile Justice facilities are based on the Restorative Justice concept thereby ensuring that all the facility programs provide equal attention to the victim, the youth, and the community.<sup>3</sup>

Juvenile Justice is committed to providing a safe, secure and productive work environment that promotes professional development, and ensures quality supervision and treatment programs that address the diverse social and rehabilitative needs of the youth in care.<sup>4</sup> Juvenile Justice is also committed to supporting the building of strong communities and serving as a model for juvenile justice services, while fostering hope and the opportunity for success.<sup>5</sup>

In 1997, the YDC/YFC system was organized into a bilateral organizational structure, referred to as the Loysville Complex and the New Castle Complex. The Loysville Complex included the Loysville Residential unit, the Loysville Secure unit, the North Central, Southeast, and South Mountain Secure Treatment Units, Weaversville Intensive Treatment Unit, the Danville Center for Adolescent Females, and Youth Forest Camps #2 and #3. Since then, state facilities within Juvenile Justice were divided into three geographical areas, specifically East, Central and West. As a result of the reorganization, Loysville Complex was renamed the Loysville Youth Development Center, and became a component of the Central region, along with the South Mountain Secure Treatment Unit.

### **Loysville Youth Development Center**

Loysville Youth Development Center (Loysville) is located on 68 acres of land originally acquired in 1963 in the town of Loysville, Perry County, approximately 34 miles northwest of Harrisburg. Loysville provides treatment to delinquent males between the ages of 12 and 18. Services include but are not limited to psychological and psychiatric intervention, individual counseling, group counseling, medical and dental services, drug and alcohol services, sexual offender services, and victim awareness.

Loysville now consists of Loysville Residential and Loysville Secure Treatment Unit. In 2004, the Loysville Residential and Loysville Secure became one organizational unit. According to the Acting Director, "The merger was proposed in an effort to enhance the effectiveness of administrative structuring and to provide consistency in regards to policy development and delivery of services."

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<sup>3</sup> <http://www.dpw.state.pa.us/Child/JuvenileDelinq/003670383.htm>, viewed July 24, 2007.

<sup>4</sup> <http://www.dpw.state.pa.us/Child/JuvenileDelinq/003670383.htm>, viewed March 30, 2007.

<sup>5</sup> <http://www.dpw.state.pa.us/About/OCYF/003676770.htm>, viewed July 24, 2007.

## Background Information

The following schedule presents selected unaudited Loysville operating data compiled for the year ended June 30, 2004, 2005, 2006, and 2007, and reflects the merger of the residential and secure units. Consequently, only total numbers are reported for those years.

	2004	2005	2006	2007
Operating Expenditures (rounded in thousands):				
State	\$31,862	\$41,581	\$38,035	\$40,267
Federal	<u>3,245</u>	<u>4,233</u>	<u>5,419</u>	<u>5,591</u>
Total <sup>6</sup>	<u>\$35,107</u>	<u>\$45,814</u>	<u>\$43,454</u>	<u>\$45,858</u>
Salary employee complement at fiscal year end:				
Filled positions	200	205	198	214
Vacant positions	<u>21</u>	<u>19</u>	<u>19</u>	<u>21</u>
Total	<u>221</u>	<u>224</u>	<u>217</u>	<u>235</u>
Rated bed capacity at fiscal year end:				
Loysville Residential	94			
Loysville Secure	<u>18</u>			
Total	<u>112</u>	<u>116</u>	<u>112</u>	<u>112</u>
Student population at fiscal year end:				
Loysville Residential	95			
Loysville Secure	<u>17</u>			
Total	<u>112</u>	<u>116</u>	<u>116</u>	<u>111</u>
Total student days of care:				
Loysville Residential	34,770			
Loysville Secure	<u>6,222</u>			
Total	<u>40,992</u>	<u>42,340</u>	<u>42,340</u>	<u>40,515</u>
Available student days of care:				
Loysville Residential	34,404			
Loysville Secure	<u>6,588</u>			
Total	<u>40,992</u>	<u>42,340</u>	<u>40,880</u>	<u>40,880</u>
Percent utilization <sup>7</sup>				
Loysville Residential	101.1%			
Loysville Secure	94.4%			
Total	100.0%	100%	103.6%	99.1%

### Per Diem Costs<sup>8</sup>

<sup>6</sup> Total expenditures amounts include for all locations falling under financial control of the Loysville Complex, net of fixed assets. Those locations included the Loysville Residential unit, the Loysville Secure unit, the North Central, Southeast, and South Mountain Secure Treatment Units, Weaversville Intensive Treatment Unit, the Danville Center for Adolescent Females, and Youth Forest Camps #2 and #3.

<sup>7</sup> Number is based on daily student population at year-end.

<sup>8</sup> Per Diem costs are calculated by the Department of Public Welfare, and are subject to certification by the Department of the Auditor General. The certification reports are released separately.

## *Objectives, Scope, and Methodology*

We selected the objectives from the following general areas: Client Management, including abuse investigation; and Personnel management, including the employee complaint system, employee training, staffing levels, employee qualifications, and effective lines of communication. In addition, we determined the status of recommendations made during the prior audit of the institution. The specific audit objectives were:

- To determine if Loysville officials were properly reporting, documenting investigating, and resolving incidents of abuse involving residents and staff members, in compliance with Juvenile Justice’s published policies and procedures. (Finding 1)
- To determine if Loysville officials were informing employees of their right to lodge a complaint and how to file such complaints in accordance with Juvenile Justice’s policies and procedures. (Finding 2)
- To determine if Loysville officials complied with the training requirements set forth in the Juvenile Justice policy. (Finding 3)
- To review Loysville’s cottage staffing levels. (Finding 4)
- To determine if Loysville officials verified and monitored the credentials of employees who reside in resident cottages. (Finding 5)
- To assess the effectiveness of the lines of communication at Loysville. (Finding 6)
- To determine the status of management’s corrective actions for prior audit findings that addressed weak internal controls in the procurement process and over the store’s inventory, and staff failure to obtain required training.

The scope of the audit covered the period from July 1, 2004, to September 28, 2007, unless indicated otherwise in the individual findings.

To accomplish these objectives, auditors reviewed applicable policies and procedures for reporting, documenting, investigating, and resolving incidents of alleged abuse,<sup>9</sup> reviewed Juvenile Justice’s policy statement relating to reporting, investigating and resolving staff

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<sup>9</sup> Bureau of State Children and Youth Programs Policy and Procedure entitled, “*Reporting and Investigating Alleged Child/Resident Abuse*” Manual Number 1.06.

## *Objectives, Scope, and Methodology*

complaints and concerns,<sup>10</sup> and reviewed management directives and policy statements distributed to staff during new employee orientation training. Auditors also reviewed Juvenile Justice's policy Manual PA002; "Training," the Commonwealth regulations related to staff/resident ratios for each of the three daily shifts, and the Civil Service Job Descriptions for resident cottage staff. Additionally, auditors examined organizational charts for Loysville Youth Development Center, Loysville Secure Unit Center, Juvenile Justice, and the Officer-on-Duty reporting system. They also reviewed Loysville's written response, dated May 11, 2005, replying to the Auditor General's prior audit report.

Auditors interviewed appropriate DPW and Loysville personnel, including the Acting Director, human resources personnel, training personnel, the Assistant Director of Juvenile Justice, and other personnel as necessary. They also held discussions with Loysville management and staff to obtain an updated understanding of the progress in implementing the prior audit's recommendations and other corrective action to resolve the prior findings.

To determine if Loysville officials were properly reporting, documenting, investigating, and resolving incidents of abuse, auditors analyzed all seven reports filed during the audit period for compliance with Juvenile Justice's incident abuse reporting requirements.

To determine if Loysville officials were informing employees of their right to lodge a complaint and determine whether they knew how to file such complaints, auditors reviewed regulations, and conducted interviews with staff.

To determine if new hires received required new employee training, auditors analyzed records for 19 of 59 employees hired between July 1, 2004, and June 30, 2006.

To review Loysville's cottage staffing levels, auditors compared Monthly Staff Rosters with resident census schedules for each of the seven cottages from July 1, 2004, through June 30, 2006.

To determine if Loysville officials verified and monitored the credentials of employees who reside in resident cottages, auditors reviewed 26 direct care employee files for the fiscal years ended June 30, 2006, and June 30, 2007.

To assess the effectiveness of Loysville's lines of communication, auditors reviewed regulations, and interviewed staff.

They also performed tests, as necessary, in prior audit areas to substantiate their understanding of Loysville management's progress in resolving the prior audit findings.

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<sup>10</sup> Department of Public Welfare, Bureau of State Children and Youth Programs, Policy and Procedure Manual, Section 1.09, Effective February 20, 2004.

## **Audit Results**

### **Incidents of Abuse**

The Bureau of Juvenile Justice Services (Juvenile Justice) is committed to providing a safe, secure, and productive work environment that promotes professional development, and ensures quality supervision and treatment programs that address the diverse social and rehabilitative needs of the youth in care.<sup>11</sup> To ensure the safety, security and well-being of residents, incidents of alleged abuse are to be reported and investigated.<sup>12</sup>

Degrees of abuse are categorized into five areas, specifically, Exploitation, Neglect, Non-Physical, including Verbal Assault, Ignoring a Need, and Teasing or Degrading, and Physical, including Slapping or Kicking, Pushing or Rough Handling. As defined in the old Bureau of State Children and Youth Programs policy, which is still effective, Child Abuse is “any recent act or failure to act, by a perpetrator, which causes non-accidental serious physical injury to a child less than 18 years of age.”<sup>13</sup>

#### **Finding 1 – Center officials did not comply with procedures for investigating and resolving incidents of alleged resident abuse.**

Loysville Center officials did not comply with the Juvenile Justice’s procedures for investigating and resolving incidents of alleged abuse involving residents and staff members. Loysville officials did comply with reporting and documenting those incidents. Failure to consistently investigate and resolve alleged occurrences of abuse involving cottage residents and the staff members who are charged with their care, custody and control, could jeopardize student safety, security and well-being.

According to the Juvenile Justice’s policy and procedure manual, the Center’s criteria for reporting and investigating alleged child/resident abuse is as follows:

- Immediately notify Perry County Children and Youth (PCCY) ChildLine of the alleged incident in order to initiate a prompt investigation and subsequently make a determination of child abuse or resident abuse policy violation.
- Prepare and implement a written safety plan, subject to the county children and youth agency’s approval, to ensure the well-being of the child/resident

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<sup>11</sup> <http://www.dpw.state.pa.us/Child/JuvenileDelinq/003670469.htm>, viewed May 17, 2007.

<sup>12</sup> Bureau of State Children and Youth Programs Policy and Procedure entitled, “Reporting and Investigating Alleged Child/Resident Abuse” Manual Number 1.06.

<sup>13</sup> Ibid.

## **Audit Results**

- Immediately commence an internal investigation to determine violations of resident abuse policies and procedures.
- Make certain the designated (internal) investigator prepares a comprehensive investigative report to be submitted to the Director or designee within 24 hours after the completion of the investigation.
- Conduct a reconciliatory meeting consisting of a Supervisor, Perpetrator, and Victim, in order to ensure both parties resume a working relationship, if the incident is determined to be unfounded by the county children and youth agency.

Loysville officials did notify ChildLine promptly for each of the incidents examined. In addition, safety plans were prepared for each incident. However, occurrences of internal investigations for violations of resident abuse policies, preparation of comprehensive investigative reports within 24 hours after completion of the investigation, and conducting reconciliatory meetings consisting of a supervisor, perpetrator, and victim were not documented consistently.

<b>Loysville</b>	<b>Completed</b>	<b>Not Completed</b>	<b>Total</b>
Internal Investigation	1	6	7
Comprehensive Investigative Report	0	7	7
Reconciliatory Meeting	0	7	7

Only one of seven incidents had documentation to support that an internal investigation was conducted, and there was no documentation to verify that comprehensive investigative reports were prepared or that reconciliatory meetings were held.

### Recommendation:

Loysville officials should comply with Juvenile Justice policies and procedures for reporting and investigating alleged child/resident abuse.

### Management Comments:

At the exit conference, management agreed with the finding and recommendation and stated that they are now doing their own internal investigations.

## **Audit Results**

### **Staff Complaints**

To ensure that all new employees are aware of the opportunity to voice complaints when necessary, Juvenile Justice compiled a policy statement entitled, “Management of Complaints,”<sup>14</sup> establishing a process for the timely reporting, and investigation and resolution of lodged complaints.

#### **Finding 2 – Loysville officials followed policies and procedures for lodging staff complaints.**

Loysville management provided employees a system for lodging complaints. An official complaint document is part of that system. Although, no complaints were filed during our audit period, the Acting Director stated that in addition to the official policy, there were many other informal avenues to voice concerns or complaints.” Such forums included meetings with Cottage staff, Administration officials, and Safety Committee members, as well as Supervisory conferences and meetings with union members and stewards. In addition to these informal avenues, employees could lodge a formal complaint in the form of a grievance filed on behalf of the employee by their respective union.

### **Staff Training**

Loysville employees must possess basic competencies and skills in order to provide quality services and promote safety in the work place. For that reason, new employees must attend the New Employee Training Program, recently renamed the New Employee Academy. The New Employee Academy is a two-week comprehensive program that includes the mandated courses listed in the policy manual<sup>15</sup>. Employees must complete the mandated courses prior to the end of their probationary period. This requirement must be met prior to working with residents.

#### **Finding 3 – Responsibilities for monitoring and enforcing training requirements were not clearly defined.**

Meeting mandated training helps to assure the health, safety, and well-being of Loysville residents and staff. Our testing of new employee training revealed that five new employees did not attend one of their mandated training courses; as a result, these employees assumed their work duties without being trained properly. This is not a new issue; new employee

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<sup>14</sup> Department of Public Welfare, Bureau of State Children and Youth Programs, Policy and Procedure Manual, Section 1.09, Effective February 20, 2004.

<sup>15</sup> Bureau of State Children and Youth Programs Policy Statement Manual Number PA 002, issued September 28, 1998.



training deficiencies was cited previously in the audit of the Loysville Complex for the period July 1, 2002, to March 2, 2004.

According to the policy, all new employees must complete an employee orientation program before the end of their probationary period. The policy requires that new hires classified as direct care staff complete seven mandated courses prior to assuming full shift duties. In addition, employees must attend annual refresher courses to demonstrate competency of a particular training course.

Five out of 19 new employees missed a “Child Protective Services Course” because there was confusion as to which department was responsible for monitoring training. The Acting Director stated that the training department was responsible, while the Human Service Program Specialist stated that the Cottage Supervisors should have been monitoring training. This confusion led to the missed training. The mandated child protective service course includes policy sections dealing with reporting and investigating alleged child resident abuse, abuse policy, and client’s rights.

**Recommendations:**

Loysville management should ensure that employees receive all mandatory training courses. The responsibility to monitor training should be clearly delegated to the training department.

**Management Comments:**

At the exit conference management agreed with the finding and said the recommendations have already been implemented. Responsibility for monitoring training was delegated to the training department.

**Staffing Levels**

Individuals committed to the Youth Development Center at Loysville are housed in seven cottages located on the grounds of the campus. The Center is responsible for staffing the cottages to ensure the safety of staff and committed youth and also to ensure program goals are met.

**Finding 4 – Loysville officials were not required to follow state staffing guidelines.**

DPW’s Office of Children, Youth and Families, the statewide overseer of child welfare services and youth development centers, has mandated the staffing ratios for youth centers

## **Audit Results**

operated by private providers contracted by the state.<sup>16</sup> Those private contractors are providing identical services to juvenile offenders committed and housed in the Loysville Youth Development Center.

The Office of Children, Youth and Families has not mandated staffing ratios for Loysville. As a result, Loysville is not required to follow state staffing regulations, a decision that could jeopardize the safety of residents and staff. Sixty-eight of 81 work schedules (84 percent) reflected staffing in accordance with state guidelines. However, 16 percent of the time Loysville did not follow the state requirements. In response to our follow-up questions, Loysville officials referred to Chapter 3800, Child Residential and Day Treatment Facilities, of the Pa. Code, dealing with public welfare, which states:

*This chapter does not apply to the following: Child residential and child day treatment facilities operated directly by the Department.*<sup>17</sup>

Loysville officials have interpreted this exemption to comply or not comply with the Pa. Code. Consequently, having that option may result in decreased accountability, haphazard scheduling, or failure to be diligent in providing sufficient replacement staff. In the absence of a specific mandate to which Loysville must adhere, there can be no certainty of ample staff coverage in resident cottages.

### **Recommendation:**

The Office of Children, Youth and Families should require Loysville to adopt the same staffing ratio as youth centers operated by private providers.

### **Management Comments:**

At the exit conference, Loysville management deferred comments to the Office of Children, Youth and Families.

## **Staff Qualifications**

Loysville employees who provide direct care to youth are categorized into four classifications: aides, counselors, aide supervisors, and counselor supervisors. Aides provide care, custody and training by observing youth and dealing with day-to-day living problems and scheduled activities. Counselors develop, implement, and monitor individual treatment plans. The aide supervisors supervise the care, custody, and delinquent youths requiring treatment and /or specialized program services. The counselor supervisors plan, organize and direct an integrated rehabilitative services program and direct the development

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<sup>16</sup> 55 Pa. Code, 3800.51-58, Staffing

<sup>17</sup> 55 Pa. Code §3800.3(1), Exemptions.

and implementation of a case management plan. These supervisors are also responsible for overseeing the aides and counselors, respectively.

Included in each job description are requirements for knowledge, skills and abilities, as well as minimum experience and training. It is imperative that the cottage staff at each level of responsibility possess the necessary credentials to be an integral part of the rehabilitation and social development of Loysville's delinquent youth.

**Finding 5 – Loysville employees who work in the resident cottages met Civil Service Commission minimum job requirements.**

The minimum experience and training required for the Youth Development Aide position are two years of non-professional work experience in the care, custody, supervision, activities, leadership, and personal guidance of delinquent, pre-delinquent, or maladjusted youth in an organized program, and educational development equivalent to a standard high school diploma. Youth development aides are also required to have an associate's degree or 60 college credit hours from an accredited college or university, which included 12 credits in the behavioral sciences, special education, juvenile delinquency, or criminal justice.

Youth Development Aide Supervisors are required to have:

- One year of experience as a youth development aide; or
- Three years of non-professional work experience in the care, custody, supervision, activities, leadership, and personal guidance of delinquent, pre-delinquent or maladjusted youth in an organized program, and educational development equivalent to a standard high school diploma; or
- One year of non-professional work experience in the care, custody, supervision, activities, leadership, and personal guidance of delinquent, pre-delinquent or maladjusted youth in an organized program, and an associate's degree or 69 credit hours from an accredited college or university, which included 12 college credits in the behavioral sciences, special education, juvenile delinquency, or criminal justice.

The minimum experience and training requirements for a Youth Development Counselor include one year of experience as a Youth Development Aide or Youth Development Aide Supervisor and a bachelor's degree from an accredited college or university, which included 12 credit hours in the behavioral sciences, special education, juvenile delinquency or criminal justice; or one year of experience in the care custody, supervision, activities, leadership or personal guidance of delinquent, pre-delinquent or socially maladjusted youth in an organized program, and a bachelor's degree from an accredited college or university, which included 12 college credits in the behavioral sciences, special education, juvenile delinquency or criminal justice.

## **Audit Results**

The minimum experience and training for a Youth Development Counselor Supervisor are one year of experience as a Youth Development Counselor and a bachelor's degree from an accredited college or university, which included 12 college credits in the behavioral sciences, special education, juvenile delinquency or criminal justice; or two years of professional counseling experience with delinquent, pre-delinquent, or socially maladjusted youth in an organized program, and a bachelor's degree from an accredited college or university, which included 12 college credits in the behavioral sciences, special education, juvenile delinquency or criminal justice.

Our testing of 26 Loysville employees revealed that they all possessed the minimum academic qualification, certification, and or work experience standards for their respective positions as established by the Commonwealth Civil Service Commission.

### **Lines of Communication**

Clear communication is essential for efficient facility operation and to help establish a safe, secure, and productive environment. A structured form of communication through the organization will facilitate quality supervision in treatment programs for residents, as well as improve the professional development of direct care staff, maintenance, and administrative support staff.

#### **Finding 6 – Loysville is effectively using lines of communication.**

Loysville officials are aware of the importance of effective communication. Interviews disclosed that employees throughout the organization would follow the same procedures in the event of reporting an incident or critical concern.

In addition, Loysville operated with an Officer on Duty system at all times. The Officer on Duty is responsible for reporting any “reportable incidents” to the appropriate DPW authorities. The facility director or designee is to contact the facility’s designated Regional Director. Security has specific procedures for contacting the designated Officer on Duty. If the designated Officer on Duty cannot be reached, the person directly below the current Officer on Duty is contacted.

## **Status of Prior Audit Results and Recommendations**

### **Objectives and Methodology**

This chapter is a summary of the findings and recommendations presented in the prior audit report of Loysville Youth Development Center for July 1, 2002, to March 2, 2004.

### **Prior Audit Results**

#### **Prior Finding I-1 – Internal control deficiencies were identified in the SAP procurement system.**

Our prior audit of internal controls for the SAP procurement system revealed deficiencies that could adversely affect purchasing operations, specifically, we identified the following deficiencies:

- Requisitions under \$20,000 were able to bypass management approval.
- Employee SAP procurement role mapping did not comply with bureau policy.
- Inventory staff was able to adjust and post inventory stock variances.

We recommended that Loysville officials in conjunction with DPW and accounting system administrators initiate corrective action immediately to address the control deficiencies. The corrective actions included the implementation of system controls to prohibit requisitioners from bypassing the management approval process; the establishment of a requirement that purchase agents verify that all requisitions are approved properly before they are processed; and the implementation of a control to limit the ability of inventory personnel to adjust inventory stock levels. Corrective action also included a review of employee role mapping designations and the determination of appropriate responsibilities as defined by Department policy.

#### **Status:**

Our inquiry and follow up revealed that purchasing procedures have been revised including the approvals required for all purchase requests. Also, role mapping is now in compliance with bureau policy. In addition, controls have been implemented in the storeroom. Unlike past practices, the warehouse manager no longer has the ability to post adjustments to inventory stock level. As a result of these initiatives to correct deficiencies in requisition

## **Audit Results**

approvals, storeroom accounting, and segregation of duties, the prior audit finding has been cleared.

### **Prior Finding I-2 – Center staff did not complete training requirements.**

The failure of staff to obtain required training hampered the implementation of the SAP R/3 procurement system and inventory processes at Loysville. As a result, employees were unable to complete assigned duties in a timely manner or adequately monitor the activity of subordinates. We recommended that Loysville management coordinate training with accounting system officials,<sup>18</sup> which should include periodic status updates of training completed by Loysville employees. In addition, we recommended that Loysville management record and maintain documentation supporting the completion of all SAP R/3 training.

#### **Status:**

Formerly, Integrated Enterprise System personnel used the Training and Employee Development System to document training completion at the time of the implementation of the procurement module of the SAP R/3 system. Subsequently, this training system was replaced by Integrated Enterprise system personnel with Learning Management Systems. This new training system no longer needed to be completed before employees could use the SAP R/3 accounting system. As a result, the prior finding has been eliminated.

### **Prior Finding III-1 – New employee training deficiencies were noted at the state-operated facilities.**

Our prior audit disclosed that employees did not meet training requirements mandated by policy. As a result, we concluded that inadequately trained employees could affect the overall safety and security of Loysville.

We recommended that the Loysville training department and supervisors ensure that all employees meet the mandated training requirements and that all completed training is documented in the consolidated training records.

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<sup>18</sup> The SAP R/3 accounting system was installed by the Commonwealth as part of an initiative, formerly known as ImaginePA, to update the accounting and information systems. The initiative changed names to the Integrated Enterprise System or IES subsequent to the release of our prior audit report.

## **Status of Prior Audit Results and Recommendations**

### Status:

Our current audit of the training program for newly hired employees disclosed that Loysville made improvements to new employee training since our last audit. Our testing of training records for 19 employees revealed that they received training for six of the seven mandated courses. However, 5 of the 19 employees missed the seventh mandated annual refresher course. As a result, we concluded that new employees training deficiencies continued as explained more fully in current audit finding number 3.

## *Audit Report Distribution List*

This report was initially distributed to the following:

### Commonwealth of Pennsylvania

The Honorable Edward G. Rendell Governor	The Honorable Louise Williams Bishop Chair Children and Youth Committee Pennsylvania House of Representatives
The Honorable Edwin B. Erickson Chair Public Health and Welfare Committee Senate of Pennsylvania	The Honorable Carole A. Rubley Republican Chair Children and Youth Committee Pennsylvania House of Representatives
The Honorable Vincent J. Hughes Democratic Chair Public Health and Welfare Committee Senate of Pennsylvania	The Honorable Robin L. Wiessmann State Treasurer Pennsylvania Treasury Department
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The Honorable George T. Kenney, Jr. Republican Chair Health and Human Services Committee Pennsylvania House of Representatives	Bureau of Child Welfare and Juvenile Justice Services Ann Marie Ambrose Director
The Honorable Patricia H. Vance Chair Aging and Youth Committee Senate of Pennsylvania	Tina L. Long Director Division of Financial Policy and Operations Bureau of Financial Operations
The Honorable LeAnna M. Washington Democratic Chair Aging and Youth Committee Senate of Pennsylvania	Joyce B. Haskins Acting Comptroller Public Health and Human Services Office of the Budget
	Loysville Youth Development Center Brian Jones Acting Director

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