



PERFORMANCE AUDIT

POLK CENTER

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE**

MAY 2013

COMMONWEALTH OF PENNSYLVANIA

EUGENE A. DEPASQUALE - AUDITOR GENERAL

DEPARTMENT OF THE AUDITOR GENERAL



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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

May 24, 2013

Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

This report contains the results of a performance audit of Polk Center of the Department of Public Welfare for the period July 1, 2008, to December 21, 2012. The audit was conducted under the authority provided in Section 402 of The Fiscal Code and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

The report contains five audit objectives along with an audit scope and methodology for each objective. Where appropriate, the audit report contains findings, conclusions, and recommendations. The report notes that Polk Center did not document client complaints as required by policy. The report also notes that Polk Center complied with the Procurement Handbook with regard to statewide contract purchases and effectively monitored contracted physician services. Further, Polk Center maintained adequate controls over pharmacy inventory and implemented effective oversight of the client accounts maintained by the Guardian Office. Finally, the report notes that the institution implemented our prior audit recommendations.

We discussed the contents of the report with the management of the institution, and all appropriate comments are reflected in the report.

Sincerely,

EUGENE A. DEPASQUALE
Auditor General

**Polk Center
Department of Public Welfare**

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Polk Center
Department of Public Welfare

**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.*

Polk Center

Polk 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 on June 3, 1893, and formally opened on April 17, 1897. Polk Center is located on 802 acres in Venango County and is comprised of 37 buildings.

The Center is licensed by the Pennsylvania Department of Health as a 521-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.¹

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

¹ Cooperative Agreement #918461200 between Department of Public Welfare and Department of Health, July 1996. Section I A.

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The following table presents selected unaudited Polk Center operating statistics compiled from DPW and commonwealth reports for the fiscal years ended June 30, 2009, through 2012:

Polk Center Operating Statistics				
For Fiscal Years Ended June 30,				
	2009	2010	2011	2012
Operating expenditures ² (rounded in thousands)				
State	\$35,067	\$24,344	\$25,164	\$32,735
Federal	<u>32,741</u>	<u>44,347</u>	<u>43,232</u>	<u>37,944</u>
Total	\$67,808	\$68,691	\$68,396	\$70,679
Employee complement at year end ³	928	916	879	870
Bed capacity at year end ⁴	521	521	521	521
Available individual days of care ⁵	190,165	190,165	190,165	190,686
Daily average individual census ⁶	307	299	289	274
Actual individual days of care ⁷	112,140	109,185	105,347	100,191
Percent utilization (based on individual days of care)	59.0%	57.0%	55.0%	53.0%
Daily average cost per individual ⁸	\$605	\$629	\$649	\$705
Yearly average cost per individual	\$220,825	\$229,585	\$236,885	\$258,030

² 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.

³ Department of Public Welfare, Complement Report for Polk Center.

⁴ Department of Health Bed License.

⁵ Available individual days of care was calculated by multiplying bed capacity by the number of days in the year.

⁶ 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.

⁷ Annual Facility Census Report.

⁸ Daily average cost per individual was calculated by dividing the total operating expenditures by the actual individual days of care.

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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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our performance audit of Polk Center had five objectives. We selected those objectives from the following areas: client complaints, statewide contracts, medical services contract, pharmacy operations, and Guardian office operations. The specific audit objectives were as follows:

- One** To determine if Polk Center's procedures for addressing client complaints were effective. (Finding 1)
- Two** To determine the efficiency and cost-effectiveness of Polk Center's use of selected statewide purchasing contracts. (Finding 2)
- Three** To determine how effectively Polk Center monitored contracted physician services. (Finding 3)
- Four** To determine whether adequate controls existed over the pharmacy inventory. (Finding 4)
- Five** To determine the effectiveness of the oversight of the client accounts maintained by the Guardian Office. (Finding 5)

Unless indicated otherwise, the scope of the audit was from July 1, 2009, through December 21, 2012.

To accomplish our objectives, we obtained and reviewed records and analyzed pertinent policies, agreements, and guidelines of the Commonwealth of Pennsylvania, DPW, and Polk Center. In the course of completing our audit work, we interviewed various Polk 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 travel expenses, supplemental procedures training, incident management policy, incident tracking system, emergency operations plan, Medicare Part B revenue, and fixed assets inventory.

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Polk 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. In conducting our audit, we obtained an understanding of the Center's internal controls, including any information systems controls, as they relate to those requirements and that we considered to be 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 the conduct of 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 five sections, one for each objective. Each of the five 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 Polk Center management, where applicable
- Our evaluation of Polk Center management's response, where applicable

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**Audit Results
for
Objective
One**

The objective

Objective one for our performance audit was to determine if Polk Center's procedures for addressing client complaints were effective.

*Client
Complaints*

Relevant policies and agreements

Polk Center has established a policy to assist clients in filing a complaint. Polk defines a complaint as "a grievance or expression of dissatisfaction with any part of a person's life at Polk Center." Examples of complaints include issues regarding personal care, health care, job assignments, the food, and living arrangements.

Polk Center established this policy in order to provide the Center's clients with a mechanism to ensure that each client, or client's guardian, is informed of the right to file a complaint without fear of punishment. The policy states that clients will be afforded due process to resolve a complaint.

The commonwealth contracted with the Disability Rights Network of Pennsylvania to provide advocacy services to all individuals living in state-operated mental retardation centers. This contract is in effect from January 30, 2009, through December 31, 2013.

An advocate from the Disability Rights Network has been assigned by DPW as a full-time advocate for the clients at Polk Center. This advocate interacts with clients on a daily basis and acts on their behalf in matters concerning care as well as civil and legal rights. A provision of the contract requires the advocate to maintain a complaint system and to assist clients in filing complaints regarding alleged violations of rights.

Scope and methodologies to meet our objective

The scope of our audit work focused on those types of complaints regarding client dissatisfaction with daily life at the Center, such as complaints about food choices, living arrangements, and job assignments.⁹ Our work on this objective covered the period of July 1, 2008, through August 22, 2012.

⁹ Another type of complaint is those that involve abuse, neglect, or other such incidents which would be addressed through a formal investigative process using Polk's incident management system. That type of complaint was not covered under this objective.

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To accomplish our client complaints objective, we reviewed the applicable Polk Center policy discussed above to gain an understanding of the client complaint process.

We also reviewed the contract between the commonwealth and Disability Rights Network of Pennsylvania to determine the responsibilities of the contracted advocate regarding the complaint process.

Finally, we interviewed the Polk Center director and the Disability Rights Network advocate assigned to Polk Center to gain an understanding of the Center's complaint system.

Finding 1

Polk Center did not document client complaints as required by Center policy. As a result, we were unable to determine if the procedures used by Center staff to address complaints were effective.

When a client makes a complaint to an employee of Polk Center, the Center attempts to resolve the issue informally. According to Polk Center's complaint policy, the Center staff person who facilitates the complaint resolution is required to document the steps taken to resolve the issue in the health care notes section of the client's medical chart.

To determine the extent to which Polk Center complied with its policy, we interviewed the Center's director. This official stated that the Center did not document client complaints in the medical charts as required. We found that complaints of a more serious nature such as abuse or mistreatment, which are investigated as incidents, are the only complaints recorded in client charts and then processed through the incident management system.

When we discussed the lack of documentation on client complaints with Polk Center management, they stated that they would revise the Center's policy to strengthen the complaint system. The revised policy, which went into effect on June 20, 2012, now requires that all client complaints and the corresponding resolutions must be entered into a log book that is maintained by the residential services aide supervisor in each client housing unit.

Two months after the effective date of the revised policy, we examined the complaint log books in four housing units to determine if the Center had

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implemented the policy change. Our review of the four log books found that staff did not document complaints during that two month time period.

When we discussed the results of our examination with the facility director, she stated that “normal everyday complaints” are usually handled and resolved as they occur and are not documented in the log book. If these complaints are not resolved at that time, the complaint is then recorded in the log book. The director also stated that complaints that are passed on to the interdisciplinary team are not documented in the log book. Those complaints are handled during team meetings, and these meetings are documented on the client’s chart.

We informed the director that the procedures she described directly contradicted the Center’s own revised policy. The Center director stated that she would revisit the policy and procedures. At the time our audit work ended, the Center had not made any changes to its policy or procedures.

Based on the results of our work and interviews with the facility director, we concluded that Polk Center was not adhering to its policy of recording client complaints. Without any client complaint records, we could not determine if the procedures used by Center staff to address complaints were effective.

The lack of documentation of all complaints, even those of a less severe nature, prevents management from monitoring the patterns of dissatisfaction. Such monitoring would allow the Center to identify pervasive problem that require immediate attention to ensure the contentment and satisfaction of all clients at Polk Center.

**Recommendations
for Finding 1**

1. Polk Center management should implement procedures to ensure that staff complies with the newly-revised complaint policy and documents all client complaints.
2. After implementing procedures to document all client complaints, Polk Center management should review the written documentation to monitor the complaint process to ensure the Center effectively addresses clients’ complaints.

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**Management
Response**

Written comments provided by Polk Center management:

We have reviewed the finding for #1 and agree with this finding. The policy was revised on 1/18/13 to reflect changes in methods of reporting and review of all complaints. Complaints that cannot be resolved informally will be documented in the unit where the individual resides. All complaints that cannot be resolved informally will be reviewed by the Unit Manager. The results of the review will be presented to the administrative team monthly at the Quality Improvement Council meeting. Discussion will occur regarding trends, patterns and corrective actions necessary to address complaints.

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**Audit Results
for
Objective
Two**

*Statewide
Contracts*

The objective

Objective two for our performance audit was to determine the efficiency and cost-effectiveness of Polk Center’s use of selected statewide purchasing contracts.

Relevant laws and policies

Under the authority of the Commonwealth Procurement Code,¹⁰ the Department of General Services (DGS) has 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.¹¹ The requirements state 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 requirements 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.

The *Procurement Handbook* provides both an exception and a waiver to the mandatory use of a statewide contract for procurement. If a needed item is not included in a statewide contract, an agency may be granted an exception from purchasing from the statewide contract vendor.

Likewise, an agency may procure an item from another source rather than from the statewide contractor—even though the item is covered by a statewide contract—as long as a series of conditions are met. If these conditions are met, DGS grants the agency a waiver from using the statewide contract in that particular case. The conditions that must be met are as follows:

¹⁰ 62 Pa. C.S. § 101 *et. seq.* Hereafter, refer to this law as the Procurement Code.

¹¹ See the Department of General Services’ *Procurement Handbook*, Part I, Chapter 9, “Statewide Requirements Contracts.” We refer to a “statewide requirements contract” as a “statewide contract” throughout this report.

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- DGS deems it to be in the best interest of the commonwealth to procure items that are covered by a statewide contract through a separate competitive procedure.
- DGS determines that the non-contracted supplier's material or service is comparable to the material or service on the statewide contract.
- DGS determines that significant savings can be realized through a separate competitive procurement.
- DGS approves the separate competitive procurement in writing.
- The requested material or service is procured through an appropriate method of procurement.

Scope and methodologies to meet our objective

Through statewide contracts, the commonwealth leverages its buying power in an effort to get the best price possible on materials and services. At the same time, the use of statewide contracts reduces the need for individual state agencies to conduct repetitive bids for like items. As of February 21, 2012, Polk Center procured goods and services through 42 different statewide contracts.

To accomplish our statewide contracts objective, we reviewed DGS' *Procurement Handbook* and its requirements related to the use of statewide contracts. In addition, we interviewed Polk Center's accountant responsible for procurement.

Finally, using the list of 42 statewide contracts from which Polk Center made procurements, we selected two contracts for detailed analysis. We examined 112 purchases for office supplies that the Center made using one contract between May 16, 2012, and July 16, 2012, and from the other contract, we selected 19 purchases for maintenance supply items that Polk made during the same period.

We determined the amount Polk Center paid for these items based on invoices and credit card statements and, through Internet research, we determined if the items could have been purchased at a lower cost from another vendor. If the items could have been purchased at a lower cost, we determined if the savings were significant and if Polk Center requested a waiver to purchase from a non-contracted vendor.

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Finding 2

Polk Center purchased goods and services off the statewide contracts as required by the commonwealth's *Procurement Handbook*.

We found that Polk Center used statewide contracts to procure goods and services during the audit period as mandated by the *Procurement Handbook*.

Polk Center is required to use statewide contracts to purchase goods and services. However, Polk Center has the option to seek a waiver from DGS to make purchases from vendors who offer a price lower than that available on the statewide contracts. The use of the waiver enables Polk Center to implement procurement practices that are efficient and cost-effective. To determine if Polk Center used the waiver option to purchase goods and services in an efficient and cost-effective manner, we examined 77 purchases that Polk Center made from two statewide contracts.

We found that Polk Center paid the lowest price when using the statewide contracts for 59 of the 77 purchases. The remaining 18 purchases could have been made at a lower cost had they been made from another vendor rather than on a statewide contract. However, the savings that would have been realized were too insignificant for Polk Center to seek a waiver from DGS.

We also selected one purchase for which Polk Center requested a waiver from DGS. DGS approved the request. By making the purchase from a vendor rather than from the statewide contract, Polk Center realized savings in excess of \$2,400.

Based on the results of our audit procedures, it appears Polk Center used the statewide contracts and the waiver process during the audit period to procure goods and services in an efficient and cost-effective manner.

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**Audit Results
for
Objective
Three**

The objective

Objective three for our performance audit was to determine how effectively Polk Center monitored contracted physician services.

*Medical Services
Contract*

Relevant laws, policies, and agreements

As we discussed in Finding Two of this report, DGS enters into contracts with vendors for materials and services to meet the requirements of all state agencies. State agencies—including Polk Center—are required to use those vendors.

DGS has entered into a contract for medical services. This contract was originally effective from March 10, 2009, through March 9, 2011. The contract was renewed, and it is now in effect through March 9, 2014.

Polk Center uses three physicians under the statewide contract to provide medical director, primary care, and psychiatry services to the clients of the Center. This contract specifies the allowable services as well as the hourly rates that the contractor can charge Polk Center for the services of each physician.

Scope and methodologies to meet our objective

Our work in this objective covered the period of July 1, 2009, through June 30, 2012.

To accomplish this objective we obtained the statewide contract for medical services. We focused our review of this contract on those sections related to physician services provided to Polk Center.

Further, we obtained each invoice that Polk Center processed for the services provided by the three contracted physicians. There were 159 paid invoices for the physicians during the period July 1, 2009, through June 30, 2012. We compared each of these 159 invoices to the individual weekly time sheets of each physician to verify the dates and number of hours each physician provided services at Polk Center. We also compared these invoices to comptroller payment reports to determine the accuracy of the payments made to the contractor.

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We interviewed Polk Center's accountant and its director of health services, who was responsible for contract monitoring in order to gain an understanding of contract monitoring and payment processing procedures.

Finally, we compared all 159 invoices with the terms of the statewide contract to determine if any services provided by the physicians and paid by the Center were outside the contract. We also verified the accuracy of hourly rates charged by the physicians with those rates stated in the contract.

Finding 3

Polk Center effectively monitored contracted physician services and ensured all payments it made for those services complied with the terms of the contract.

Polk Center paid for three physicians to provide services to its clients over the course of our audit period. For the period July 1, 2009, through June 30, 2012, Polk Center paid \$2,473,473 for these physician services. The hourly rate for the services ranged from \$139 to \$180 an hour.

Our audit work showed that for each of the 159 invoices, Polk Center made payments for the physician services in accordance with the terms of the statewide contract. The hourly rates, the number of hours that services were provided, and the types of services provided were all in agreement with the terms of the contract. Further, we found that in processing the 159 invoices Polk Center had procedures in place to ensure that billings from the contractor were accurate and that the contractor billed only for the services provided.

We found that contracted physicians were required to sign in with the Center on a daily basis using a weekly time sheet maintained in the director of health services' secretary's office. Polk Center staff observed the physicians signing in and out during the course of their shifts.

In addition, each physician's client schedule was maintained in the director's office and was compared to the physicians' time sheets to further verify the accuracy of time reports. All services provided to clients, including routine physician visits, were documented in the clients' medical charts.

Because the contract monitor verified all invoices by comparing them to time records, actually witnessed the physicians' presence on grounds, maintained each physician's appointment calendar, and compared contract

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terms to actual payments, we concluded that Polk Center effectively monitored contracted physician services.

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**Audit Results
for
Objective
Four**

The objective

Objective four for our performance audit was to determine whether adequate controls existed over the pharmacy inventory.

*Pharmacy
Operations*

Relevant policies and agreements

Polk Center has established a policy and procedures regarding pharmacy inventory. The policy includes procedures for recording drug purchases, dispensing drugs to clients, the return of unused medication to the vendor for credit as well as procedures for the completion of an annual physical inventory of pharmaceuticals.

The Center purchases items for its pharmacy off a statewide contract for pharmaceutical items.¹² This contract is in effect from June 1, 2009, through May 31, 2013.

Scope and methodologies to meet our objective

To accomplish our pharmacy operations objective, we reviewed the Center's policy on pharmacy operations and the statewide pharmaceutical contract as it relates to Polk Center.

We interviewed the Center's pharmacist, pharmacy technician, and director of health services to gain an understanding of Polk Center's pharmacy operations.

Additionally, we conducted a telephone interview with the Department of General Services' purchasing agent responsible for the statewide pharmaceuticals contract to gain an understanding of the contract's drug pricing schedules.

Finally, we randomly selected 40 of the 531 items from the pharmacy inventory listing dated June 14, 2012, for detailed testing. For each of the 40 items, we determined whether the quantity on hand at the Center's pharmacy matched the inventory record. We also examined these 40 items to determine if the quantities dispensed agreed with the

¹² As we discussed in Finding Two of this report, DGS enters into contracts with vendors for materials and services to meet the requirements of all state agencies. When DGS enters into one of these statewide contracts, agencies—including Polk Center—are required to use those vendors for needed services and materials.

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corresponding physician's order, where applicable, and whether the amount of pharmaceutical items purchased agreed to their corresponding purchase orders and invoices.

Finding 4 Polk Center maintained adequate controls over pharmacy inventory.

We selected 40 pharmacy items from the June 14, 2012, pharmacy inventory list and completed a physical count of each item to determine the accuracy of the Center's inventory records. We found that our physical count of each item agreed with the quantities listed on the Center's inventory records. Therefore, we determined that the Center's inventory records were accurate for the 40 items that we reviewed.

In addition, we examined the dispensing activity for the same 40 pharmaceutical inventory items to determine if they were properly supported by a physician's order authorizing the withdrawal from inventory. Of this group of 40 items, eight were supply items such as syringes and wound tape that did not require a physician's order. For the remaining 32 items, we found that each item was supported by a physician's drug order without exception. We noted that the quantity dispensed from inventory accurately reflected the quantity stated on the physician's order for the 32 items that we reviewed.

Finally, using the same 40 pharmaceutical inventory items, we reviewed their corresponding purchase orders and invoices to determine if the Center accurately and completely recorded those items to the inventory records. We found Polk Center did not purchase ten of those items during our audit period; therefore, we did not determine the accuracy of the Center's purchase orders and invoices for those items. However, for the remaining 30 items, we found that the inventory records agreed with the purchase orders' quantity and purchase price as well as the amounts stated on the invoices. Therefore, we determined that that inventory records were accurate for the 30 items that we reviewed.

Based on our work, we concluded that Polk Center developed adequate management controls over the pharmacy inventory. For those items we tested, we found the controls were designed to allow the pharmacy inventory to be accurate, the dispensing of items to clients to be recorded accurately in the pharmacy records, and purchases of new items to be accurately reflected on inventory records and the corresponding purchase orders and invoices.

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**Audit Results
for
Objective
Five**

*Guardian
Office*

The objective

Objective five for our performance audit was to determine the effectiveness of the oversight of the client accounts maintained by the Guardian Office.

Relevant policies

The State Institutional Guardian Office was officially created on June 30, 1978. Each mental health hospital and state center for the mentally retarded is required to have an independent Guardian Office with the authority to implement and administer a system of money management and to exercise advocacy responsibilities with regard to client funds.

According to the Guardian Office Manual, each mental health hospital, state center, and South Mountain Restoration Center has a Guardian Office to serve as representative payee and/or legal fiscal guardian for incapacitated clients and to assist competent clients (with their consent) to manage their funds.

The Guardian Office is appointed the guardian of the estate by the courts upon petition by DPW but only when other alternatives cannot be found among family members or friends. The Guardian Office manages the financial affairs of clients in their best interests, acts as fiscal advocate on behalf of the clients, and protects the rights of the clients in fiscal matters.

Polk Center has been assigned a guardian officer, who is an employee of DPW and not Polk Center. In addition to the guardian officer, the Center's Guardian Office has a fiscal assistant, who is also an employee of DPW.

Scope and methodology to meet our objective

To establish our understanding of the operations of the Guardian Office, we reviewed DPW's Guardian Office manual.

We interviewed the Center's guardian officer to obtain an understanding of the management controls over the receipt and disbursement of client funds as well as the responsibilities of the employees working in the Guardian Office.

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We examined documentation for 66 of the 5,871 disbursement transactions that occurred from July 1, 2008, to December 31, 2011, to determine if the Guardian Office reviewed and approved disbursements properly and if it recorded those transactions accurately to the clients' accounts.

In addition, we examined documentation for 60 of the 4,492 deposit transactions that occurred from July 1, 2008, to December 31, 2011, to determine if the Guardian Office made the deposits in a timely manner and if it recorded those transactions accurately to the clients' accounts.

Further, we examined 42 monthly bank account statements and the associated account reconciliations for the period July 1, 2008, to December 31, 2011. We examined the statements to determine if the Guardian Office completed the reconciliations in a timely manner and if any unusual reconciling factors such as large deposits-in-transit or outstanding checks for extended periods of time were used in completing the reconciliations.

Finally, we examined the monthly financial statements prepared by the guardian officer for June 2009, June 2010, June 2011, and December 2011. We examined the financial statements to determine if amounts presented in these statements agreed with the respective month's bank statements and related client account records.

Finding 5**Polk Center implemented effective oversight of the client accounts maintained by the Guardian Office.**

Our review of Guardian Office operations found that the Guardian Office had only two employees. Therefore, an ideal segregation of duties was not attainable. However, we found that DPW's Guardian Office regional manager provided direct oversight of Polk Center's Guardian Office operations. In addition, DPW's regional manager implemented revised office responsibilities between the two Guardian Office employees at the Center in an effort to further segregate duties.

Disbursements. With regard to the 66 disbursement transactions we examined, we found that the Guardian Office made each disbursement in accordance with established policies and procedures. Specifically, we found that the guardian officer properly approved each of the disbursements. We also found that each disbursement was supported by a withdrawal order and receipt, and the Guardian Offices' fiscal assistant

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recorded each disbursement to the pertinent clients' accounts in a timely manner in accordance with prescribed policies.

Deposits. With regard to the 60 deposit transactions we examined, we found that the Guardian Office made each deposit in accordance with established policies and procedures. Specifically, we found that the Guardian Office issued receipts for all funds received on behalf of clients and made deposits within three to four business days. In addition, we found that the Guardian Office properly recorded deposits in the applicable client's accounts.

Accounting records. We evaluated the accuracy of the Guardian Office's accounting records by examining Polk Center management's reconciliation of accounting records with the 42 monthly bank account statements and selected clients' records. We found that the Guardian Office prepared bank reconciliations in a timely manner. We did not find any unusual reconciling factors in any of these 42 monthly reconciliations. Further, we found that the monthly reconciliations agreed with the monthly financial statements prepared by the guardian officer.

As a result of our audit procedures and detailed testing of Guardian Office operations, we concluded that Polk Center implemented effective oversight of clients' accounts.

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**Status of
Prior Audit**

Government auditing standards require that we evaluate whether Polk 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 Polk Center's implementation of those recommendations.

The prior audit report of Polk Center covered the period July 1, 2006, to February 13, 2009, and contained 16 findings. However, nine of the findings were positive and thus had no recommendations (Findings 1, 2, 3, 5, 6, 8, 9, 10, and 13). The remaining seven findings (Findings 4, 7, 11, 12, 14, 15, and 16), their accompanying recommendation, and the status of Polk 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 university personnel and performed tests as part of, or in conjunction with, the current audit.

Prior Finding 4 Polk Center incurred an additional \$10,338 in travel expenses. (Resolved)

Our prior audit reported that in April 2007, DPW management assigned an employee from eastern Pennsylvania to serve as Polk Center's acting director. The individual served in this capacity from April 23, 2007, to June 3, 2008. One of the employee benefits for this position is the use of a furnished home on the grounds of Polk Center.

Even though the home became vacant in June 2007, the former acting director chose to stay in a hotel rather than occupy the vacant home. A review of the former acting director's travel expense vouchers submitted from July 1, 2007, to June 4, 2008, revealed this person claimed \$10,338 in travel expenses related to working at Polk Center.

We recommended that DPW should manage its resources effectively and efficiently. We also recommended that Polk Center management should closely monitor its expenses in order to keep costs at a minimum.

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In response to our audit, DPW management stated this situation resulted from unusual circumstances with an acting facility director. They also stated that, if this situation were to ever occur again, DPW will insist that the director live in the furnished house at Polk Center to ensure prudent and judicious use of its resources.

Status as of this audit. During our current audit, we found that travel expenses claimed by Polk Center and DPW staff were very minimal. The unusual circumstances that occurred with the acting facility director during our prior audit is no longer an issue. The current director lives in close proximity to the Center. Therefore, we concluded that Polk Center implemented our prior audit recommendation.

Prior Finding 7 Polk Center did not provide all supplemental procedures training (Partially Resolved)

In our prior audit we found that Polk Center failed to ensure that all direct care staff received the specialized training noted on the supplemental procedures forms. Our analysis of 80 direct care workers' training records found that 16 direct care workers did not receive any of the required training, 28 workers received some of the training, and 36 workers received all of the required training.

We recommended that Polk Center management should develop and enforce written policies and procedures to ensure that all direct care staff receive supplemental procedures training. The policy should require direct care staff supervisors to maintain documentation such as a file note or e-mail in order to ensure the training was received.

In response to our audit, DPW management stated that they established a system requiring that the writer of each support plan and support actions, including supplemental procedures, train any staff required to carry out that specific plan and actions. This training is documented on an individual support plan. To assure that training has occurred, each department will monitor on an ongoing basis the percentage of completed required trainings, and the results of this monitoring will be reported to the quality improvement council on a quarterly basis.

Status of the audit. During our current audit, we found that Polk Center failed to develop written policies and procedures to ensure that all direct care staff received supplemental procedures training. However, Polk Center did establish an informal practice whereby the qualified mental

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retardation professional identified and documented any training deficiencies on the respective individual support plans when such deficiencies were found during quarterly reviews.

To determine the extent to which Polk Center documented any training deficiencies, we examined individual support plans for four clients during the period June 22, 2011, to March 21, 2012. In this review we found that the qualified mental retardation professional completed a quarterly review as required. However, the reviewer did not document training deficiencies on the support plan even though new supplemental procedures were identified for each client that would have required training of staff.

Based on these initial results, we reviewed an additional 40 client records to determine if staff received training in the procedures identified on the applicable client's individual support plan. We found that the employees assigned to 38 of the 40 clients reviewed did not receive all the required training needed to care for the clients.

We discussed these training deficiencies with the director of program/residential services to determine why the Center was not training staff on supplemental procedures. She stated that Polk Center management is implementing changes to ensure that staff is actively involved in training and monitoring on a continuous basis. Polk management implemented a pilot project with one client residence to test the new monitoring procedures. The new system requires the qualified mental retardation professional to document the supplemental procedures and associated training on an automated system which will then be reviewed by quality improvement staff.

Based on the results of our audit work, we concluded that Polk Center did not effectively manage supplemental procedure training. However, it appears that Polk management is attempting to correct these issues. We will continue to monitor this condition in future audits.

**Prior Finding
11****Polk Center's incident management policy did not require formal investigations for missing person incidents.
(Resolved)**

Our prior audit found that Polk Center's incident management policy did not require an investigation when a missing person incident occurred. The policy required Polk Center to report certain incidents, collect information about those incidents, and take action based on those reports. However,

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the policy did not require a missing person case to be formally investigated.

We recommended Polk Center management revise the incident management policy to require that each missing person incident be formally investigated.

In response to our audit, DPW management stated that Polk Center's quality assurance/risk management department agreed that a formal investigation is necessary for missing persons who reside at Polk Center. Polk Center management agreed to revise its incident management policy to include a requirement to formally investigate each missing person incident through an administrative review followed by a certified investigation, if warranted. Polk Center staff will receive training on the policy once it is approved.

Status as of this audit. During our current audit, we found that Polk Center revised its incident management policy which now requires each missing person's incident to be formally investigated. We determined that two missing persons' incidents occurred from February 2009 to February 2012. We found that Polk Center staff investigated both of those incidents according to the revised policy.

As part of our current audit, we also reviewed employee training records and found that all of Polk Center's employees received training in January 2011 on the revised policy. As a result of these changes, we concluded that Polk Center implemented our prior recommendation.

**Prior Finding
12****Polk Center did not implement a tracking system to document incidents. (Resolved)**

Our prior audit found that the Department of Health (DOH) conducted a survey of Polk Center on September 22, 2006. During that survey, DOH found Polk Center failed to provide policies and operating direction to ensure that all serious incidents were immediately addressed, thoroughly investigated, and all necessary services were incorporated and monitored to meet the needs of the individuals.

To address this issue, Polk Center developed a plan of correction which stated that the Center would implement a tracking system to document the event and rationale when the Center did not investigate an incident.

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During our prior audit, we requested a copy of the tracking system from Polk Center and found that the system did not exist.

Further, we found that Polk Center management downgraded the classification of incidents that were originally classified as “missing person” to different categories, but the incident documentation did not include any reasons for the downgrade.

We recommended that Polk Center management develop and implement a tracking system to document all pertinent information and the rationale for decisions and changes.

In response to our audit, the Department stated that Polk Center was in the process of developing a tracking system. The system would be utilized to document all pertinent information and the rationale regarding why an investigation was not being conducted or why a serious incident category had been changed/downgraded to a different category.

Status as of this audit. During our current audit, we found that Polk Center had taken steps to correct the prior audit deficiency. We reviewed the Center’s tracking forms to ensure the tracking system was developed and that it documented the information we recommended. Further, Center officials explained that Polk Center had developed and was using a tracking system to document all pertinent information and the rationale for the decisions and changes that were made regarding why an investigation was not conducted or why a serious incident category had been changed/downgraded to a different category. As a result of these changes, we concluded that Polk Center implemented our prior audit recommendation.

**Prior Finding
14****Polk Center’s emergency operations plan did not address all scenarios. (Resolved)**

Our prior audit reported that Polk Center’s emergency operations plan did not address a natural disaster emergency such as a hurricane or a tornado. It also did not indicate the location of a temporary safe haven for clients in the event of an approaching tornado or hurricane.

We recommended that Polk Center management should revise its emergency operations plan to address all emergency situations including natural disasters as well as the steps necessary to ensure the health, safety, and security of clients and staff.

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In response to our audit, DPW stated that Polk Center revised the emergency operations plan to provide management and supervisory staff information to ensure timely and efficient actions to safeguard the lives of individuals and staff at Polk Center in the event of a natural disaster. Specifically high wind/tornado and flooding were addressed. Since the emergency operations plan is a guide, specific scenarios could not be listed; however general procedures and areas of refuge/relocation were provided.

Status as of this audit. During our current audit, we obtained and reviewed Polk Center's revised emergency operations plan. We found that the plan addresses all emergency situations including natural disasters. As a result of these changes, we concluded that Polk Center implemented our prior recommendation.

**Prior Finding
15****Polk Center did not maximize Medicare Part B revenue.
(Resolved)**

Our prior audit found that, based on a review of medical records, Polk Center did not bill Medicare for all eligible Medicare Part B procedures. A review of 36 clients' medical records disclosed that seven files contained eight eligible procedures totaling \$372 that were not billed. As a result, Polk Center was not maximizing Medicare Part B revenue.

During our prior audit, based on discussions with management, we found that some Medicare Part B procedures were not included in the billings because Polk Center staff could not read physicians' handwriting.

We recommended that Polk Center management should ensure that physicians properly document Medicare Part B eligible procedures in order to maximize revenue.

In response to our audit, DPW stated that Polk Center implemented procedures to ensure that all services were recorded in order to maximize revenue. At the beginning of each month, a new physician's log form is to be placed in the client's chart by the medical records assistant. On a monthly basis, the encounter form will be checked by the medical records staff to verify that every encounter recorded on the physician's log form as billable has been documented in the health care notes. Also, the health care notes are checked from the date that the physician's log form was placed in the chart to ensure that all billable encounters that were documented in the health care notes are on the physician's log form.

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Physicians will document any encounters they have with the individual that are billable in the health care notes.

Status as of this audit. During our current audit, we found that Polk Center management implemented the procedures and monitoring controls as stated above to ensure that all eligible Medicare Part B procedures are billed.

We compared the number of billable encounters, by client, recorded monthly on the Center's Medicare Part B medical records log for the period January 2012 to June 2012 to the monthly totals on the Medicare Part B summary of encounter forms. We found that the records log and the summary encounter forms both indicated that 1,195 encounters were recorded, which led us to conclude that the Center billed for all eligible procedures.

Further, Center officials stated that the Center's medical records staff began auditing client medical records in January 2012 in an effort to ensure that all encounters have been properly recorded for billing purposes. To determine if this new procedure increased the number of encounters billed, we analyzed the total number of encounter forms recorded by month on the Center's Medicare Part B summary of encounter forms for the period October 2011 to May 2012. We found that from October 2011 to December 2011 the Center billed Medicare an average of 194 encounters monthly. The average number of monthly billings increased to an 239 encounters for the period of January 2012 to May 2012, thus we concluded that the new audit procedures were effective.

As a result of our audit work, we concluded that Polk Center implemented our prior audit recommendation.

**Prior Finding
16****Weaknesses existed in the fixed asset inventory control.
(Resolved)**

Our prior audit of fixed assets disclosed the following weaknesses:

- We could not locate one asset valued at \$9,750.
- We could not locate four assets valued at \$32,290. The four assets were located in a different area from what was documented on the inventory listing.
- We determined that 10 of the 32 assets, totaling \$365,839, did not have fixed asset inventory identification tags.

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- We found two assets, valued at \$122,870, on the inventory listing that were actually surplus or discarded.
- The fixed assets detailed list was not accurate. It did not include fixed asset tag identification numbers for all assets. In addition, there were numerous items acquired in the 1960's and 70's that remained on the list but were no longer at Polk Center. These items included four train cars, a potato harvester, several washing machines, and an audiometric for an exam room.

During our prior audit, we found that Polk Center staff was not consistently using required forms when transferring, surplus, or discarding assets. We also found that when the Center did use the forms, insufficient data was provided.

We recommended that Polk Center management review and implement inventory control procedures in order to comply with applicable policies and procedures and to have an accurate record of fixed assets.

In response to our audit, DPW stated that Polk Center has updated the fixed asset inventory policy and has begun an extensive survey of fixed assets that was scheduled to be completed by October 29, 2010.

Status as of this audit. During our current audit, we found that Polk Center management updated the fixed asset inventory and accountability policy in October 2010 to include conducting an annual physical inventory and correcting any incorrect information on the fixed asset inventory list to ensure an accurate record of fixed assets.

Center management also submitted a memo to all departments requiring staff to complete the request for transfer or disposition of unserviceable or surplus property form for all assets that are no longer needed in their respective departments. We also found that Polk Center management conducted annual fixed asset physical inventories and updated the asset listing to reflect an accurate record of fixed assets. As a result of these actions, we concluded that Polk Center implemented our prior recommendation.

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