



Performance Audit

Danville State Hospital

**Commonwealth of Pennsylvania
Department of Public Welfare**

December 2011

December 15, 2011

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

This report contains the results of a performance audit of the Department of Public Welfare's Danville State Hospital from July 1, 2006, to December 23, 2009, with analysis through November 30, 2010. The audit was conducted under the authority provided in Section 402 of The Fiscal Code and in accordance with generally accepted government auditing standards.

The report contains seven audit objectives along with an audit scope and methodology for each objective. Where appropriate, the audit report contains findings, conclusions, and recommendations. The report noted that Danville State Hospital was still not in compliance with National Fire Protection Association Standards for servicing and testing portable fire extinguishers. Also, maintenance work orders did not list the materials used on jobs as required by policy.

We discussed the contents of the report with management of the Danville State Hospital and all comments are reflected in the report.

Sincerely,

JACK WAGNER
Auditor General

**Danville State Hospital
Department of Public Welfare**

**Table of
Contents**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Table of
Contents**

Background Information 1

Audit Objectives..... 6

Audit Results 8

 Finding 1 – Danville State Hospital responded to elopements effectively and complied with Department of Public Welfare and its own policies and procedures. 11

 Finding 2 – Danville State Hospital has established and maintained a comprehensive emergency operations plan that includes evacuation procedures. 14

 Finding 3 – Danville State Hospital continued to not be in compliance with National Fire Protection Association standards for servicing and testing portable fire extinguishers. 17

 Finding 4 – Danville State Hospital properly procured and monitored its service contracts. 21

 Finding 5 – Danville State Hospital complied with policies and maintained adequate control over fixed assets including computers..... 23

 Finding 6 – Danville State Hospital maintained effective safeguards over storeroom areas..... 27

 Finding 7 – Danville State Hospital justified, approved, and completed work orders in a timely manner. 30

 Finding 8 – Danville State Hospital’s work orders did not list the materials used on jobs as required by policy. 31

 Finding 9 – Danville State Hospital processed employee pay incentives in accordance with the applicable management directives or contractual agreements. 34

A Performance Audit

**Table of
Contents**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

Status of Prior Audit	36
Audit Report Distribution List	38

**Danville State Hospital
Department of Public Welfare**

**Background
Information**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Background
Information**

This section contains information about the Department of Public Welfare and the Danville State Hospital.

**Department of Public Welfare - Office of Mental Health and
Substance Abuse Services**

*History, mission,
and operating
statistics*

The Office of Mental Health and Substance Abuse Services, under the Pennsylvania Department of Public Welfare, operates under the following vision statement:

Every individual served by the Mental Health and Substance Abuse Service system will have the opportunity for growth, recovery and inclusion in their community, have access to culturally competent services and supports of their choice, and enjoy a quality of life that includes family members and friends.¹

The Office of Mental Health and Substance Abuse Services has developed guiding principles that facilitate recovery and are responsive to individuals' unique strengths and needs throughout their lives.²

Bureau of Community and Hospital Operations

The Department of Public Welfare, referred to in this report as the Department, has established the Bureau of Community and Hospital Operations within the Office of Mental Health and Substance Abuse Services to help oversee the mental health and substance abuse programs in Pennsylvania. The Bureau of Community and Hospital Operations has three divisions: Eastern Operations; Western Operations; and Hospital Operations.³ The website for the bureau states that the main roles of the Bureau of Community and Hospital Operations are: Oversight of County Mental Health Programs, Contract oversight of the HealthChoices

¹ Pennsylvania Department of Public Welfare, Office of Mental Health and Substance Abuse Services, <http://www.dpw.state.pa.us/about/OMHSAS/003670144.html> accessed November 21, 2009. Web address revised to <http://www.dpw.state.pa.us/dpworganization/officeofmentalhealthandsubstanceabuseservices/index.htm>, verified on November 29, 2011.

² Ibid.

³ <http://www.dpw.state.pa.us/about/OMHSAS/003670144.html> accessed November 21, 2009. Website revised to <http://www.dpw.state.pa.us/dpworganization/officeofmentalhealthandsubstanceabuseservices/bureauofcommunityandhospitaloperations/index.htm>, verified on November 29, 2011.

Background
Information

Danville State Hospital
Department of Public Welfare

Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011

managed Behavioral Health Program, and Operation and oversight for the State Hospital System.⁴ The role explanations from that website follow:

Oversight of County Mental Health Programs. The Office of Mental Health and Substance Abuse Services' Bureau of Community and Hospital Operations provides oversight and partners with County Mental Health to ensure every individual served by the Mental Health and Substance Abuse Service system will have the opportunity for growth, recovery and inclusion in their community, have access to culturally competent services and supports of their choice, and enjoy a quality of life that includes family and friends.

The Commonwealth of Pennsylvania has a highly decentralized system of mental health services, with county government responsible for the provision of mental health services to citizens within their subdivision. The Mental Health and Mental Retardation Act of 1966 requires county governments to provide community mental health services, including short-term inpatient treatment, partial hospitalization, outpatient care, emergency services, specialized rehabilitation training, vocational rehabilitation, and residential arrangements. There are 48 county/county joinders⁵ under the direction of County Mental Health administrators.

Contract oversight of the HealthChoices managed Behavioral Health Program. The Office of Mental Health and Substance Abuse Services' Bureau of Community and Hospital Operations oversees the Behavioral Health Program of the Commonwealth of Pennsylvania's mandatory Medicaid managed care program that provides mental health and substance abuse treatment services. Under the behavioral health component of the HealthChoices program, counties are required to ensure high quality care and timely access to appropriate mental health and drug and alcohol services and facilitate effective coordination with other needed services. The HealthChoices Behavioral Health Program was implemented statewide on July 1, 2007.

⁴ Pennsylvania Department of Public Welfare, Office of Mental Health and Substance abuse Services, <http://www.dpw.state.pa.us/about/OMHSAS/003670144.html> accessed November 21, 2009. Web address revised to <http://www.dpw.state.pa.us/dpworganization/officeofmentalhealthandsubstanceabuseservices/index.htm>, verified on November 29, 2011.

⁵ 55 Pa Code §4300.137, "County joinder contracts." When a mental health and mental retardation program is administered by two or more counties, the local authorities acting in concert shall enter into a contract to establish the policies of that program.

**Danville State Hospital
Department of Public Welfare****Background
Information**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

Operation and oversight for the State Hospital System. The Office of Mental Health and Substance Abuse Services' Bureau of Community and Hospital Operations oversees the State Hospital System. The primary purpose of the State Hospital System is to ensure state-of-the-art inpatient treatment to persons committed under the Mental Health Procedures Act to the six state mental hospitals in order to ensure that the men and women who come to us for service develop the skills, resources and supports needed for recovery and are able to return to the community.

The divisions oversee and direct the effective and efficient management of six state-owned and operated mental health hospitals and one restoration center, including two maximum-security forensic units for persons with serious mental illness who are charged with or convicted of criminal offenses and the Sexual Responsibility and Treatment Program.

Since all patients are admitted to state hospitals through the County Mental Health system, the bureau collaborates with county, local hospital and community provider staff, constituents and other stakeholders to establish effective community/hospital linkages and continuity of care for patients discharged back into the community.

Danville State Hospital

Danville State Hospital, also referred to in this report as the Hospital, is a long-term psychiatric facility, and is one of the six state mental hospitals operated by the Department of Public Welfare's Office of Mental Health and Substance Abuse Services. The Hospital's physical plant consists of 28 buildings situated on approximately 250 acres of land. The Hospital is located one mile northeast of Danville, Montour County, and is approximately nine miles west of Bloomsburg. According to its website, the Hospital was incorporated on April 13, 1869, and formally opened in October 1872. It is the oldest state psychiatric facility in Pennsylvania. The Hospital reached its patient population peak of 2,801 patients in November of 1955,⁶ though another source says the population reached 2,918 in 1947.⁷ At the time of this audit, the Danville State Hospital is home to approximately 155 patients.

⁶ http://www.dpw.state.pa.us/forfamilies/statehospitals/danvillestehospital/S_002023, accessed November 16, 2010. Website revised to <http://www.dpw.state.pa.us/foradults/statehospitals/danvillestatehospital/index.htm> verified on November 29, 2011.

⁷ http://dsh.thomas-industriesinc.com/DSH_SiteMap.htm accessed August 9, 2011, verified on November 29, 2011.

**Background
Information**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

The Danville State Hospital operates under the State Hospital vision statement as follows:

The State Hospital system will expand its role as an integral component of the unified mental health continuum by providing a comprehensive array of treatment, support, and service in partnership with all stakeholders. The State Hospital system adheres to a “No Wrong Door” approach in order to include integrated services related to mental health, physical health, and substance abuse disorders.⁸

Danville State Hospital’s active treatment program encompasses the use of medical, occupational therapy, vocational adjustment services, therapeutic recreation, nursing, social workers, psychology, and chaplaincy efforts.⁹ The Hospital provides services to individuals from the following counties: Columbia, Centre, Clinton, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lycoming, Mifflin, Montour, Northumberland, Perry, Schuylkill, Snyder, and Union counties.¹⁰

As of June 30, 2009, Danville State Hospital had a 170 bed capacity, all of which were certified for participation in the Medicare and Medical Assistance programs. In addition, the Joint Commission on Accreditation of Health Care Organizations surveyed the Hospital in May 2009¹¹ and extended a three-year accreditation.

A chief executive officer administers the Hospital’s day-to-day operations with the assistance of management personnel assigned to various divisions. Additionally, a nine-member board of trustees acts in an advisory capacity to the Hospital’s management.

⁸ <http://www.dpw.state.pa.us/PartnersProviders/MentalHealthSubstanceAbuse/index.htm>, accessed November 21, 2009. Website revised to <http://www.dpw.state.pa.us/foradults/statehospitals/index.htm>, verified on November 29, 2011.

⁹ http://www.dpw.state.pa.us/forfamilies/statehospitals/danvillestehospital/S_002023, accessed November 16, 2010. Website revised to <http://www.dpw.state.pa.us/foradults/statehospitals/danvillestatehospital/index.htm> verified on November 29, 2011.

¹⁰ Ibid.

¹¹ <http://www.qualitycheck.org/qualityreport.aspx?hcoid=3107>, verified on November 29, 2011.

**Danville State Hospital
Department of Public Welfare**

**Background
Information**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

The following schedule presents selected unaudited Danville State Hospital operating statistics compiled by the Department of Public Welfare for the fiscal years ended June 30, 2007, 2008, and 2009.

	Using rounding		
	2007	2008	2009
Operating expenditures¹²			
State	\$37,303,053	\$36,950,955	\$38,338,289
Federal	<u>2,549,284</u>	<u>3,422,269</u>	<u>1,034,269</u>
Total operating expenditures	<u>\$39,852,337</u>	<u>\$40,373,224</u>	<u>\$39,372,558</u>
Employee complement positions at year-end	379	413	409
Average daily patient population ¹³	172	161	155
Bed capacity at year-end	185	175	170
Actual patient days of care	62,798	58,971	56,582
Available patient days of care	67,525	64,050	62,050
Percent of utilization (based on patient days of care)	93.0%	92.1%	91.2%
Average patient cost per day ¹⁴	\$635	\$685	\$696
Average patient cost per year ¹⁵	\$231,633	\$250,574	\$253,985

¹² Operating expenditures were recorded net of fixed assets, an amount that would normally be recovered as part of depreciation. In addition, regional level direct and indirect costs were not allocated to the totals reported here.

¹³ Average daily patient population was calculated by dividing the actual patient days of care for the year by the number of calendar days in the year.

¹⁴ Average cost per patient day was calculated by dividing the total operating expenses by the actual patient days of care. The amount is rounded to the nearest whole dollar.

¹⁵ Annual average cost per patient per year was calculated by multiplying the daily average cost per patient by the number of calendar days in the year. The amount is rounded to the nearest whole dollar.

**Objectives,
Scope, and
Methodology**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit
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 the Danville State Hospital contains seven objectives. We selected our audit objectives from the following general areas: patient elopement, emergency evacuation plans, fire safety, contract management, fixed assets and computers, maintenance work orders, storeroom inventory, and employee pay incentives. The specific audit objectives were as follows:

- One To assess the effectiveness of Danville State Hospital's response to elopement incidents, as well as compliance with the Department of Public Welfare's and Danville State Hospital's policies and procedures regarding unauthorized absences. (Finding 1)
- Two To assess the completeness of Danville State Hospital's emergency/evacuation plans. (Finding 2)
- Three To determine if Danville State Hospital complied with the National Fire Protection Association standards, regarding the inspection, servicing, testing, and record keeping of portable fire extinguishers. (Finding 3)
- Four To determine if selected service contracts were properly monitored. (Finding 4)
- Five To determine if Danville State Hospital complied with applicable inventory policies and procedures regarding fixed assets including computers. (Finding 5)
- Six To determine if Danville State Hospital maintained adequate control over storeroom inventories. (Finding 6)
- Seven To determine the economy and efficiency of Danville's operating procedures for processing work orders and the related purchasing practices. (Findings 7 and 8)

**Danville State Hospital
Department of Public Welfare**

**Objectives,
Scope, and
Methodology**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

Eight To determine the propriety of the use of pay incentives for employees. (Finding 9)

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 cellular phones and fire safety.

The scope of our audit was from July 1, 2006, to December 23, 2009, unless indicated otherwise.

To accomplish our objectives, we obtained and reviewed records and analyzed pertinent policies, agreements, and guidelines of the Commonwealth of Pennsylvania, the Department of Public Welfare and Danville State Hospital. In the course of our audit work, we interviewed various Hospital management, staff and others. The audit results section of this report contains the specific inquiries, observations, tests, and analysis conducted for each audit objective.

Audit Results
Danville State Hospital
Department of Public Welfare

Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011

Audit Results

In the pages that follow, we have organized our audit results into the following sections, which are organized as follows under each objective:

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

**Danville State Hospital
Department of Public Welfare**

**Audit Results:
Patient
Eloperments**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results
for
Objective
One**

The objective

Objective one for our performance audit was to assess the effectiveness of Danville State Hospital’s response to elopement incidents, as well as compliance with the Department of Public Welfare and Danville State Hospital policies and procedures regarding unauthorized absences.

Patient Elopements

Scope of our audit work

The scope of our audit was to examine all patient unauthorized absences from July 1, 2008, through June 30, 2009.

Relevant policies

Danville State Hospital is committed to providing all patients who have serious mental illness, including those with co-occurring disorder, the opportunity for growth, recovery, and inclusion in their community. The Hospital places a high value upon the patient’s need and capacity to be independent. At the same time, the Hospital also recognizes its responsibility to care for its patients and that means protecting them from harm. As part of this responsibility, the Hospital has developed a policy for its patients who are missing or who leave the hospital without permission also known as an elopement.¹⁶

Danville State Hospital utilizes a system involving observation, care, and privilege status to ensure the safety of all patients while maintaining treatment effects. Hospital policy requires a treatment team to complete a risk analysis profile and an individualized comprehensive treatment plan before granting unsupervised off-unit privileges. The treatment team must review and update the risk analysis profile to ensure that the risk factors for absence without leave (AWOL), current drug or alcohol abuse, past AWOL behavior, and current situational stress have been assessed at least once every 30 days.

¹⁶ Danville State Hospital, Policy/Procedure Number 100.034u “Consumer AWOL’s;”
Danville State Hospital, Policy/Procedure Number 100.051w, “Guidelines for Granting and Revoking Ground Card Privileges;”
Danville State Hospital, Policy/Procedure Number 100.038b “Risk Profile System.”

**Audit Results:
Patient
Eloperments**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

The Hospital also uses the term consumer to refer to the patients under its care. Danville State Hospital policy considers a patient to be AWOL when one of the following occurs:

Any consumer who is observed to be off hospital grounds without authorization.

Any consumer is determined to have been off grounds without authorization.

Any consumer who does not return to his/her living unit from grounds privileges at the time specified, or fails to report for a scheduled program/activity at the time specified.

Any consumer who fails to return from an authorized leave of absence on the stated date and time and the hospital is unable to establish rationale for failure to return.

Any consumer is discovered/believed to be missing from a locked unit or from an escorted on-or-off grounds activity.

Danville State Hospital has established procedures known as AWOL PROTOCOL when searching for missing patients. These procedures detail the requirements for an initial search in a unit/building, the notification of security staff, a full-scale search, the establishment of a command post, and the notification of local and state police. The search plan also requires the safety/security office to serve as the command post in the event of a full-scale search. When necessary, safety/security shall notify the police via 911 about the patient AWOL.

The Department of Public Welfare has also established a policy for patients who elope from state hospitals.¹⁷ According to the Department's policy:

State mental hospitals and the restoration center shall strive to minimize risk that may result in harm to consumers/residents/others by promoting and protecting the health, safety, and

¹⁷ Commonwealth of Pennsylvania, Department of Public Welfare, Mental Health and Substance Abuse, Bulletin Number SMH-03-03, "Management of Incidents: SI-815 Incident Reporting and Risk Management Policy and Procedural Changes," section 7084.1 through 7084.3, effective June 1, 2003.

**Danville State Hospital
Department of Public Welfare**

**Audit Results:
Patient
Eloperments**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

welfare of consumers/residents/others through the development of a comprehensive risk management program.¹⁸

The risk management program that is developed by the Hospital must include a system for the prevention, investigation, analysis, and monitoring of incidents of elopements and other events that jeopardize the health, safety or rights of patients.

Methodologies to meet our objective

To establish our understanding of patient elopement procedures, we reviewed the Department of Public Welfare's and Danville State Hospital's policies for handling unauthorized absences.

We interviewed the Hospital's chief performance improvement executive, chief operating officer, and the director of staff development to obtain an understanding of the implementation of elopement policies and procedures.

We reviewed all monthly risk management summary reports from July 1, 2008, through June 30, 2009.

We reviewed the risk profile assessment forms for ten hospital patients who were involved in an AWOL-unauthorized absence.

Finding 1

Danville State Hospital responded to elopements effectively and complied with Department of Public Welfare and its own policies and procedures.

Our review of Danville State Hospital's risk management summary reports identified ten incidents of AWOL-unauthorized absences from July 1, 2008, to June 30, 2009. Of those ten AWOL-unauthorized absences, six patients were found within 15 minutes, and three more patients were found within an hour. The final patient was found after 11 hours and 5 minutes.

¹⁸ Commonwealth of Pennsylvania, Department of Public Welfare, Mental Health and Substance Abuse, Bulletin Number SMH-03-03, "Management of Incidents: SI-815 Incident Reporting and Risk Management Policy and Procedural Changes," section 7084.1, effective June 1, 2003.

**Audit Results:
Patient
Elolements**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

Of the ten missing patients, all of which were approved for ground passes by the treatment team director, nursing director, and performance improvement executive, nine patients were located on the grounds and escorted back to their units. The last patient left the grounds and was later recognized near a shopping plaza in downtown Danville by local police based on the description given to the police by the Danville State Hospital.

Our audit found that Danville State Hospital staff followed all established procedures while searching for the ten missing patients. Hospital staff timely and thoroughly reported each incident according to Department of Public Welfare and Hospital policies and procedures. Hospital staff also followed established procedures for risk assessment, issuing ground cards, patient searches, and incident notification.

The treatment team director, nursing director, and performance improvement executive reviewed and signed all ten incident reports. The treatment team reviewed each incident and developed action plans to prevent a future incident from occurring. For example, for the ten patients who went AWOL-unauthorized absent, the treatment team either reduced or revoked the ten patients' ground privileges.

We also found that Danville State Hospital management made effective use of its risk management reporting system when it reviewed the elopement incidents and implemented changes related to ground privileges. For example, in June 2009, a DVD was made of the ground card orientation outline and a map of the grounds. Each hospital unit received a copy of the DVD for use in reorienting staff and patients about the authorized and unauthorized areas on the hospital grounds.

**Danville State Hospital
Department of Public Welfare**

**Audit Results:
Emergency
Evacuation
Plans**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results
for
Objective
Two**

The objective

Objective two for our performance audit was to assess the completeness of Danville State Hospital’s emergency/evacuation plans.

Scope of our audit work

*Emergency
Evacuation Plans*

We examined Danville State Hospital’s emergency operations manual, fire drill reports, disaster drill reports, and monthly safety committee meeting minutes from January 1, 2007, through June 30, 2009.

Relevant directives and policies

Danville State Hospital operates under the jurisdiction of the Department of Public Welfare and is required to follow Department policies and procedures. The Department’s Bureau of Administrative Services has issued an administrative policy on emergency operations planning¹⁹ that provides delivery of critical services and continued operation of essential functions in the event of a man-made or natural disaster or other emergency.

The Governor’s Office of the Commonwealth of Pennsylvania has also issued a management directive for emergency evacuation plans that affects all agencies under the Governor, including the Department of Public Welfare.²⁰

According to the Department of Public Welfare’s administrative policy, Danville State Hospital’s administrative staff is responsible for ensuring that an emergency operations plan is in place, the plan is reviewed on a regular basis, and that all employees receive annual training. Danville State Hospital has issued an emergency operations manual²¹ to all Hospital employees for use in implementing the emergency operations plan.

¹⁹ Commonwealth of Pennsylvania, Department of Public Welfare, Bureau of Administrative Services, Administrative Policy, Emergency Operations Planning (formerly 7068), issued June 2, 2005.

²⁰ Commonwealth of Pennsylvania, Governor’s Office, Management Directive 720.3 amended, “Emergency Evacuation Plans at Commonwealth Facilities,” issued December 3, 2004, replacing management directive 720.3 dated June 28, 2002.

²¹ Danville State Hospital, Emergency Operations Manual, updated January 30, 2009, reviewed October 6, 2009.

Audit Results:
Emergency
Evacuation Plans

Danville State Hospital
Department of Public Welfare

Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011

Finally, the National Fire Protection Association manual²² also provides information about emergency evacuations.

Methodologies to meet our objective

We reviewed Management Directive 720.3, the Department of Public Welfare policy and the Danville State hospital manual to establish our understanding of policies and procedures for emergency operations planning and emergency evacuation plans. For additional understanding, we also reviewed the information on emergency evacuation plans found in the National Fire Protection Association manual.

We interviewed Danville State Hospital’s safety manager, fire marshal, the director of staff development, and also held discussions with various hospital staff to ascertain their understanding of the emergency operations plan.

We examined 100 percent of Danville State Hospital’s fire drill reports, disaster drill reports, and monthly safety committee meeting minutes from January 1, 2007, through June 30, 2009.

Finding 2

Danville State Hospital has established and maintained a comprehensive emergency operations plan that includes evacuation procedures.

Danville State Hospital’s emergency operations plan included all of the required elements set forth by the Department of Public Welfare policies. The plan included preparation and response to disasters such as fire, flood, nuclear, bomb threats, severe weather, medical emergencies, utility interruptions, and hazardous materials spills. The plan included specific requirements in each of the following topics: personnel/assignments; communications; public information; recovery operations; and hospital procedures.

²² National Fire Protection Association – 101 Life Safety Code Section 19.7.1, Evacuation and Relocation Plan and Fire Drills, 2000 Edition, Viewed on October 6, 2009.

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results:
Emergency
Evacuation
Plans**

During our audit period, Danville State Hospital conducted all the required emergency evacuation drills, which were documented by fire and disaster drill reports, and reported in the safety committee meeting minutes. In addition, annual employee training was up-to-date for emergency evacuations.

**Audit Results:
Fire Safety**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results
for
Objective
Three**

The objective

Objective three for our performance audit was to determine if Danville State Hospital complied with the National Fire Protection Association standards regarding the inspection, servicing, testing, and record keeping of portable fire extinguishers.

Fire Safety

Scope of our audit work

We examined Danville State Hospital's fire extinguisher inventory report as of June 30, 2009, and tested for inspection compliance.

Relevant policies

Danville State Hospital has a responsibility to provide a safe living and working environment for both patients and staff. A major role of this responsibility is fire safety, and the maintenance of fire extinguishers is a key element of fire safety. Under the provisions of the Fire and Panic Act as codified,²³ health care institutions must follow the standards for life safety established by the National Fire Protection Association. The National Fire Protection Association has issued national standards²⁴ on the proper care and maintenance of fire extinguishers.

Methodologies to meet our objective

We reviewed the finding on fire extinguisher inspections in our prior audit of the Danville State Hospital.

We reviewed the provisions in the Fire and Panic Act and the National Fire Protection Association standards and guidelines pertaining to fire extinguishers.

We interviewed Danville State Hospital's fire marshal and purchasing agent, and the Department of Public Welfare's safety management & environment protection specialist.

²³ 34 Pa. Code § 50.1, "Occupancy Groups."

²⁴ National Fire Protection Association, Chapter 10 Standards for Portable Fire Extinguishers, 2007 Edition.

**Danville State Hospital
Department of Public Welfare**

**Audit Results:
Fire Safety**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

We examined the fire extinguisher inventory report as of June 30, 2009, and log sheets of monthly fire extinguisher inspections from July 1, 2008, to June 30, 2009.

While touring Danville State Hospital, we physically inspected a selection of 37 of 445 portable fire extinguishers for Danville's compliance with inspection, servicing, and testing fire extinguishers.

Finding 3

Danville State Hospital continued to not be in compliance with National Fire Protection Association standards for servicing and testing portable fire extinguishers.

Our prior audit reported that Danville State Hospital was not in compliance with the portable fire extinguisher standards as established by the National Fire Protection Association. The prior audit identified noncompliance issues with recording, inspecting and servicing, and testing of fire extinguishers.

The National Fire Protection Association Standard establishes requirements for monthly inspections of fire extinguishers as follows:

Fire extinguishers shall be inspected either manually or by means of an electronic monitoring device/system at minimum of 30-day intervals.²⁵

At least monthly where manual inspections are conducted, the date the manual inspection was performed and the initials of the person performing the inspection shall be recorded.²⁶

The fire marshal at Danville State Hospital did inspect the fire extinguishers monthly as required per the National Fire Protection Association standards, and, kept a log sheet on which he recorded the dates of when he performed those monthly inspections, again as required by standards. The National Fire Protection Association Standard

²⁵ ²⁵ National Fire Protection Association 10, Chapter 7 Inspection, Maintenance, and Recharging of Portable Fire Extinguishers section 7.2.1.2, 2007 edition.

²⁶ ²⁶ National Fire Protection Association 10, Chapter 7 Inspection, Maintenance, and Recharging of Portable Fire Extinguishers section 7.2.4.3, 2007 edition.

**Audit Results:
Fire Safety**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

establishes who should conduct an annual inspection of fire extinguishers as follows:

Maintenance, servicing, and recharging shall be performed by trained and certified persons having available the appropriate servicing manual(s), the proper types of tools, recharge materials, lubricants, and manufacturer's recommended replacement parts or parts specifically listed for use in the fire extinguisher.²⁷

We determined that the Danville State Hospital fire marshal conducted the yearly service checks on the fire extinguishers. The fire marshal did not have the required training, tools, or manuals from the fire extinguisher manufacturer to perform the annual service.

We then examined the inventory list of portable fire extinguishers at Danville State Hospital and found the list contained 445 fire extinguishers. The inventory list contained information about location and dates for the next 6-year and 12-year maintenance inspections. The National Fire Protection Association Standard states as follows:

Every 6 years, stored pressure fire extinguishers that require a 12-year hydrostatic test shall be emptied and subjected to the applicable maintenance procedures as detailed in the manufacturer's service manual.²⁸

We discovered that of the 445 fire extinguishers listed in the inventory report, and in place on July 23, 2009, 135 of those portable fire extinguishers did not have the required 6-year maintenance. We also found that another 45 fire extinguishers did not have the required hydrostatic 12-year test. A total of 180 fire extinguishers out of the 445 fire extinguishers, or 40 percent, were not in compliance with National Fire Protection Association standards.

²⁷ National Fire Protection Association 10, Chapter 7 Inspection, Maintenance, and Recharging of Portable Fire Extinguishers section 7.1.2.1 and 7.1.2.2, 2007 edition. Although trained personnel were required, the actual certification of inspection personnel did not go into effect until after December 31, 2009.

²⁸ National Fire Protection Association 10, Chapter 7 Inspection, Maintenance, and Recharging of Portable Fire Extinguishers, section 7.3.1.2.1 six year maintenance, 2007 edition.

**Danville State Hospital
Department of Public Welfare**

**Audit Results:
Fire Safety**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

Danville State Hospital's use of portable fire extinguishers that were not serviced or tested, placed the patients and employees at risk if the fire extinguishers did not function properly.

**Recommendations
for Finding 3**

1. Danville State Hospital should authorize its Fire Marshal to obtain training and inspection certification to perform the annual inspections, or contract out the certification services to a qualified company to perform the inspections according to the National Fire Protection Association standards.
2. Danville State Hospital needs to have the 180 portable fire extinguishers that are out of compliance with the National Fire Protection Association standards, immediately inspected and serviced, or replaced with new fire extinguishers.

Response of the Danville State Hospital Management:

Since the time of the audit review, Danville State Hospital has brought all fire extinguishers up to compliance with the annual inspection. This inspection was conducted by Susquehanna Fire Equipment, and the invoice number is 00100985, and was done September 2010. Of the 180 extinguishers found to be over the 6-year maintenance check as of July 23, 2009, none are out of compliance at this time. All of the extinguishers have been tested or changed out.

**Audit Results:
Contract
Management** **Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results
for
Objective
Four**

The objective

Objective four for our performance audit was to determine if selected service contracts were properly monitored.

Scope of our audit work

*Contract
Management*

We examined Danville State Hospital’s list of contracts for the period from July 1, 2006, through June 30, 2009. We selected 10 of the 67 open contracts at June 30, 2009, for additional testing.

Relevant policies

The Commonwealth of Pennsylvania’s institutions often contract with vendors instead of providing services in-house, because the services may not warrant full-time positions or institution personnel may not possess the necessary expertise to complete the contract requirements.

The Commonwealth of Pennsylvania has established policies for the procurement of services.²⁹ Commonwealth policy requires Danville State Hospital management to be responsible for effectively monitoring contracted services performed on site.

Methodologies to meet our objective

We reviewed contracting requirements defined in the Field Procurement Handbook.

We interviewed the facility financial manager, the purchasing agent, and accounts payable staff to obtain an understanding of the implementation of procurement requirements at the Danville State Hospital. We also interviewed the Hospital’s contract monitors about specific actions taken to review and approve vendor invoices for payment relating to the service contracts.

²⁹ Commonwealth of Pennsylvania, Governor’s Office, Policy Number M215.3 Revision No. 4, “Field Procurement Handbook,” dated April 17, 2003. The Field Procurement Handbook was converted to an online manual and is now available at the following website.
http://www.portal.state.pa.us/portal/server.pt/community/procurement_handbook/14304 Accessed November 23, 2009, verified December 12, 2011.

**Danville State Hospital
Department of Public Welfare**

**Audit Results:
Contract
Management**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

We selected 10 contracts from the 67 open contracts at June 30, 2009, for our testing. The contracts selected for testing included guaranteed energy savings, laundry services, maintenance services, medical and dental services, speech and physical therapy services, and trash removal. We reviewed the supporting documentation for the ten contracts to test for compliance with applicable Commonwealth procurement policies. As part of our review, we examined the contract provisions, and as relevant, certificates of insurance, required approvals and authorizations.

We also examined 52 invoices associated with the ten contracts that were paid during the months of July through September 2008, to test for compliance with the Commonwealth's requirements for contract monitoring procedures by examining evidence of vendor invoice review and approval for payment.

Finding 4

Danville State Hospital properly procured and monitored its service contracts.

Our review of 10 contracts and related documents revealed that Danville State Hospital complied with applicable Commonwealth procurement policies.

Monitoring of contracted services is essential to ensure that the contractor provides the requested services in accordance with the terms of the contract. For all 52 invoices selected for review, Danville State Hospital's contract monitors ensured vendor compliance with the terms of the contract, verified the accuracy of vendor invoices, and approved the invoices for payment.

**Audit Results:
Fixed Assets and
Computers**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results
for
Objective
Five**

The objective

Objective five for our performance audit was to determine if Danville State Hospital complied with applicable inventory policies and procedures regarding fixed assets including computers.

Scope of our audit work

*Fixed Assets and
Computers*

We selected 20 of the 462 fixed assets as of June 30, 2009, and 10 of the 233 computers as of June 30, 2009, using auditor’s professional judgment.

Relevant policies

Danville State Hospital management is responsible for safeguarding and maintaining the Commonwealth of Pennsylvania’s fixed assets and computers. Both the Commonwealth of Pennsylvania³⁰ and the Department of Public Welfare³¹ have issued fixed asset management policies to assist Hospital management in meeting its safeguarding responsibility. The Hospital also has its own defined policies and procedures regarding fixed assets.³²

The Commonwealth of Pennsylvania’s fixed asset inventory policy has established a threshold value of \$25,000 for fixed assets to be capitalized and included on inventory records. The Commonwealth policy also allows a threshold of \$5,000 for low value assets that may also be included on inventory records. The Department of Public Welfare’s fixed asset inventory policy, to be consistent with Commonwealth policy, has established a threshold value of \$5,000 for fixed assets to be included on inventory records.

³⁰ Commonwealth of Pennsylvania, Governor’s Office Management Directive 310.14, General Capital Asset and Other Fixed Asset Accounting and Reporting in SAP Issue date February 3, 2003.

³¹ Commonwealth of Pennsylvania, Department of Public Welfare, Office of the Budget/Bureau of Financial Reporting and Bureau of Administrative Services/Office Services Section, Fixed Assets for State Facilities (formerly 7021.6) issue date September 1, 2004.

³² Danville State Hospital Policy and Procedure Manual, Policy/Procedure: 102.049, “Managing and Controlling Fixed Assets,” reviewed January 30, 2009;

Danville State Hospital Policy and Procedure Manual, Policy/Procedure: 102.054, “Controlling the movement of Fixed Assets.”

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results:
Fixed Assets
And Computers**

Department of Public Welfare guidelines also state that at the discretion of facility management, the facility may account for assets with a value below \$5,000. Danville State Hospital management requires their inventory records to include all computers and peripherals regardless of cost.

Methodologies to meet our objective

We reviewed the Commonwealth of Pennsylvania, Department of Public Welfare, and Danville State Hospital policies and procedures for tagging, moving/disposing, posting, and conducting a physical inventory of fixed assets.

We interviewed Danville State Hospital's facility finance manager, information technology generalist, and the maintenance manager.

At June 30, 2009, Danville State Hospital recorded 462 assets on its inventory list. We verified the existence of 20 fixed assets valued over \$5,000 that were added to the inventory list during the fiscal years ended June 30, 2008, and 2009. We also verified the existence of 10 randomly chosen laptop computers from a population of 233 computers at June 30, 2009.

Finding 5**Danville State Hospital complied with policies and maintained adequate control over fixed assets including computers.**

Danville State Hospital's fixed asset report contained all of the required elements as set forth in the Commonwealth and Department of Public Welfare policies. Each of the 20 assets was at the physical location as listed on the fixed asset report. Since all assets were tagged and located where specified, we concluded that the Hospital maintained safeguards over its fixed assets.

Danville State Hospital's Information Technology staff maintained an inventory report of computers. The computer inventory report contained information such as; Department of Public Welfare tag number, serial number, department, user, building, and room number for every Hospital

**Audit Results:
Fixed Assets and
Computers**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

computer. Each of the 10 computers we selected for physical inspection was found in the location and with the tag number as listed on the computer inventory report. We concluded that the Hospital maintained safeguards over its computers.

**Danville State Hospital
Department of Public Welfare**

**Audit Results:
Storeroom
Management**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results
for
Objective Six**

The objective

Objective six for our performance audit was to determine if Danville State Hospital maintained adequate control over storeroom inventories.

*Storeroom
Management*

Scope of our audit work

We selected inventory samples in September and October 2009, for testing of controls over the storeroom inventories.

Relevant policies and procedures

State facilities must maintain an inventory of items necessary for their day-to-day operations. The facility's management is responsible for safeguarding, controlling, and effectively managing this inventory in accordance with Department of Public Welfare established policies and procedures.³³ Danville State Hospital also has its own internal policy on inventory control.³⁴

Danville State Hospital has four storeroom areas where goods are stored for future use - central stores, pharmacy, dietary and maintenance. As of September 11, 2009, central stores had an inventory valued at over \$69,000. As of October 6, 2009, pharmacy had an inventory valued at over \$213,000, with nearly \$19,000 in controlled substances included in the total. As of November 2004, the Hospital had assumed the additional responsibility of providing pharmaceutical services to the Selinsgrove Center and the North Central Secure Treatment Unit; both are Department of Public Welfare facilities.

Danville's material management used the inventory principle of just in time management for dietary and maintenance inventories. This method of inventory control emphasizes the receipt of supplies in small and more frequent batches in a reasonable manner and as close as possible to

³³ Commonwealth of Pennsylvania, Department of Public Welfare, Administrative Policies, "Inventory Control/Materials Management for DPW Operated Facilities," (formerly 7024), dated September 1, 2004;

Commonwealth of Pennsylvania, Department of Public Welfare, Administrative Bulletin 00-96-29, "Issuance of Manual Material," effective July 1, 1996.

³⁴ Danville State Hospital, Policy/Procedure, Number BF102.616, "Inventory Control,"

Danville State Hospital, Policy/Procedure, (No number), "Security of Dietary Service Area," dated May 24, 2004;
Danville State Hospital, Policy/Procedure, Number DP1010, "Pharmacy Location and Hours."

**Audit Results:
Storeroom
Management**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

their issuance in their respective using areas. As a result, dollar values for both the maintenance and dietary inventories were no longer used in the accounting system. Instead, the value of the just in time purchases is recorded as an expense in the accounting system.

In addition, the Hospital maintenance department kept a small inventory of tools and low cost repair items such as tape, cleaners, and adhesives in an area known as a tool control bin. For accountability, these maintenance items are signed out by workers for particular jobs.

Methodologies to meet our objective

We reviewed the Department of Public Welfare and Danville State Hospital policies for inventory control.

We interviewed the Danville State Hospital financial manager; central stores storekeeper; dietary director; chief pharmacist; and maintenance storeroom clerk to obtain an understanding of inventory controls in the four storeroom areas and the maintenance tool bin.

We obtained and reviewed the annual physical inventory support sheets for June 30, 2009, and the most recent spot checks.

We toured each storeroom area and observed security procedures.

We obtained and reviewed pharmacist's licenses and their disciplinary action history from the Commonwealth of Pennsylvania, Department of State's website for licenses.³⁵

We conducted a physical inventory of 36 out of 326 items in the central storeroom. We also conducted a physical inventory of 11 of the 110 controlled drugs in the pharmacy.

³⁵ www.licensepa.state.pa.us, verified on August 16, 2011.

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results:
Storeroom
Management**

Finding 6**Danville State Hospital maintained effective safeguards over storeroom areas.**

Our tour of the four inventory storeroom areas found all to be well organized, uncluttered and clean. Goods were stocked in such a way that they were not in contact with the floors. Security in the areas where goods were stored was satisfactory, in that storage areas were fully enclosed with limited access points. Keys to these access points were restricted to a limited number of storeroom personnel.

Danville State Hospital conducted annual physical inventories of the central stores inventory at June 30, 2008, and June 30, 2009. The inventory was conducted by accounting personnel independent of the central storeroom. Accounting personnel also performed periodic spot checks of the inventory as required by policy.

We selected for review 36 central stores items from the population of 326 items in the central storeroom. We found shortages between book balance and actual count for only two items. In terms of quantity, only 13 items were not found out of a total of 6,891 items in our test count. The 13 items had a value of \$54.55. Based on Danville State Hospital's implementation of controls, the use of physical inventory procedures by individuals independent of the storerooms, the low error rate in our sample, and the low value of items not found, we determined that the Hospital was effectively safeguarding its central stores inventory.

In addition to the security access features described above as part of our tour observation, Danville State Hospital dietary personnel also monitored storage temperatures and practiced stock rotation techniques to minimize food spoilage. In addition, storeroom personnel constantly monitored food quantities in order to complete the just in time orders for future projected meals.

The Hospital's maintenance department storeroom also used just in time inventory ordering to control and minimize inventory on-hand. The maintenance tool crib also used sign in/out sheets to control tool location and other supplies.

We found that the main pharmacy area has a motion detector. An alarm is activated at the Hospital's switchboard when motion is detected in the

**Audit Results:
Storeroom
Management**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

pharmacy during off duty hours. The door to the controlled substances storage room is also wired with an alarm. Only the pharmacists have regular access to the pharmacy area. In addition, our review of pharmacist licenses found all to be valid with no disciplinary actions on their records.

Danville State Hospital also conducted annual physical inventories of the pharmacy inventory. Item count adjustments are reviewed and reconciled. We also selected a sample of 11 controlled substances in the pharmacy inventory and our test counts did not identify any discrepancies.

**Danville State Hospital
Department of Public Welfare**

**Audit Results:
Maintenance
Work Orders**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results
for
Objective
Seven**

The objective

Objective seven for our performance audit was to determine the economy and efficiency of Danville's operating procedures for processing work orders and the related purchasing practices.

Scope of our audit work

*Maintenance Work
Orders*

We selected for review 38 of 3,036 work orders processed during the period from January 1, 2009, to June 30, 2009. We also reviewed open work orders at October 28, 2009.

Relevant policies

The maintenance department at Danville State Hospital consists of 70 employees in four trade shops; carpentry, electrical, maintenance repair, and plumbing, and three general areas; housekeeping, garage & grounds, and power plant. The maintenance department is responsible for providing both routine and preventive maintenance.

Danville State Hospital has developed a policy for initiating, authorizing, processing, and completing maintenance work orders.³⁶ According to that policy, all maintenance work orders must be entered by an approved employee into an electronic maintenance work order system which then enables the maintenance manager to approve, assign, log, and track work orders electronically.

The Danville State Hospital policy requires that all work order requests must include location, description, name of requestor and telephone number. Upon completion of the work assigned, the appropriate tradesman is to fill in the amount of time and materials used to complete the work. The tradesman's supervisor then signs the work order verifying that the work was completed. The request date is automatically entered on the work order when completed by the requestor and the completion date is written on the paper copy of the work order by the tradesman.

³⁶ Danville State Hospital Policy/Procedure Processing Maintenance Work Orders #102.037c, dated June 2008.

**Audit Results:
Maintenance
Work Orders**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

Methodologies to meet our objective

We reviewed the Danville State Hospital policies for maintenance work orders.

We interviewed two Danville State Hospital maintenance managers to establish an understanding of the implementation of maintenance work order procedures. We also interviewed a Hospital purchasing agent and a maintenance clerk to establish an understanding of the receipt, recording, and approval of maintenance materials.

We reviewed the listing of maintenance expenditures for the fiscal year ended June 30, 2009.

We selected for review 38 of 3,036 work orders processed during the period from January 1, 2009, to June 30, 2009. The sample included 23 standard work orders and 15 preventative maintenance work orders.

We tested the work orders for evidence of compliance with Danville State Hospital policy, and that the work was justified, approved, and completed in a timely manner.

We also reviewed a listing of open work orders at October 28, 2009, to determine the reasons for work orders that were open for more than 60 days.

Finding 7

Danville State Hospital justified, approved, and completed work orders in a timely manner.

All 38 maintenance work orders had appropriate justification for the jobs performed. Also, all 38 work orders were also approved by Danville State Hospital management employees. Of the 38 maintenance work orders examined, 35 were complete in 10.5 hours or less and the other 3 were completed within 3 days. Although we were not aware of an industry standard for timely completion of maintenance, since all work was finished within three days, we concluded that the completion time appeared to be reasonable based on the comparison of the hours/days

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results:
Maintenance
Work Orders**

elapsed between the date the work order was requested and the completion date.

In a separate test of timeliness of work order completion, we also identified two work orders open for more than 60 days. In both work orders, the completion delays were justified. For both work orders, we determined that the maintenance department was awaiting the receipt of parts to make the necessary repairs associated with the work orders.

Finding 8**Danville State Hospital's work orders did not list the materials used on jobs as required by policy.**

We reviewed 23 standard work orders and 15 preventative maintenance work orders selected from January 1, 2009, to June 30, 2009, for completion of our determination of the economy and efficiency of Danville State Hospital's purchasing practices. Our inspection of the 38 work orders found that none of the work orders listed materials used for the completion of the work. Hospital policy established the following requirement:

Upon completion of the work, the tradesman fills in their time and lists materials used, has the "completion approval" signed to verify the work has been completed.³⁷

Our discussion with Hospital maintenance management revealed that 10 of the standard work orders and 1 preventative maintenance work order did require materials. Therefore, 11 of the 38 work orders, or 29 percent, did not list materials used to complete the project even though the description of the job suggested materials should have been used and the hospital policy required a listing of materials.

At our request, the maintenance manager was able to identify the materials used for completion of the 11 work orders by cross-referencing purchase orders with the work orders. However, this cross-reference was not a routine Danville State Hospital procedure. Maintenance management did not track how much material was actually used for any given work order.

³⁷ Danville State Hospital Policy/Procedure Processing Maintenance Work Orders #102.037c, Procedure no, 7, dated June 2008.

A Performance Audit

**Audit Results:
Maintenance
Work Orders**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

Without information on material usage, management lacked a valuable tool for estimating material needs for future similar work orders.

Finally, since none of the work orders contained information about material usage, we were unable to complete our test of the economy and efficiency of the Hospital's purchasing practices.

**Recommendation
for Finding 8**

3. Any materials used on jobs should be included on maintenance work orders as set forth in Danville State Hospital policy.

Response of the Danville State Hospital Management:

While the hospital's physical plant does track material for all work orders, we do understand that our current practice does conflict with Danville State Hospital's policy #102.037c. We have changed our procedures to more closely match the policy and have requested a revision to the policy to clarify the procedures in more detail. There has been a new policy written and the new policy number is 102.037d.

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Results:
Employee Pay
Incentives**

**Audit Results
for
Objective
Eight**

The objective

Objective eight for our performance audit was to determine the propriety of the use of pay incentives for employees.

Scope of our audit work

*Employee Pay
Incentives*

We examined employee pay incentives made during the fiscal year ended June 30, 2008, and June 30, 2009.

Relevant management directives and contractual agreements

The Commonwealth of Pennsylvania has established a number of incentive programs to help recruit and retain certain positions that are deemed critical. In addition, certain employees are entitled to a bonus based upon contractual agreements. Danville State Hospital employees were eligible to receive payments from the following incentive programs:

- Quality Assurance Program – provides monetary incentives designed to attract, retain, and reward the medical and dental professional.³⁸
- Specialty Board Certification – additional compensation for physicians who are certified by one or more specialty boards.³⁹
- Nursing Certification – additional compensation for employees who have attained agreed upon nursing certifications.⁴⁰
- Signing Bonus – a contractual agreement to pay permanent full-time employee in active pay status on July 1, 2007 a one-

³⁸ Management Directive 525.16 entitled, “Physicians and Related Occupations Quality Assurance Program,” dated February 14, 2006;

Agreement between the Commonwealth of Pennsylvania and the Pennsylvania State System of Higher Education and Pennsylvania Doctors Alliance, effective July 1, 2005, through June 30, 2009.

³⁹ Management Directive 535.2 entitled, “Physicians and Related Occupations Specialty Board Certification Payments,” dated February 21, 2006.

⁴⁰ Agreements between the Commonwealth of Pennsylvania and District 1199P, Service Employees International Union, AFL-CIO, CLC effective July 1, 2003, to June 30, 2007, and July 1, 2007, through June 30, 2011.

**Audit Results:
Employee Pay
Incentives**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

time lump sum cash payment of \$1,250 or \$625 for permanent part-time employees.⁴¹

Methodologies to meet our objective

We reviewed the Commonwealth of Pennsylvania directives and terms of the contractual agreements for employee pay incentives.

We interviewed the Danville State Hospital financial manager and human resource manager.

We reviewed Hospital accounting records organized by object code and determined the amount of employee pay incentives made for the fiscal years ended June 30, 2008, and June 30, 2009.

We selected all incentive and signing bonus transactions, examined payroll posting details for employees who received the payments, and determined that the payments were properly calculated in accordance with Commonwealth policy or the contractual agreements.

Finding 9

Danville State Hospital processed employee pay incentives in accordance with the applicable management directives or contractual agreements.

For the fiscal years ended June 30, 2008, and June 30, 2009, Danville State Hospital expended \$605,725 and \$105,800 respectively for employee pay incentives.

⁴¹ Master Agreement between the Commonwealth of Pennsylvania and Council 13, American Federation of State, County and Municipal Employees, AFL-CIO, effective July 1, 2007 to June 30, 2011; Collective Bargaining Agreement for Educational and Cultural Employees between the Commonwealth of Pennsylvania and the Federation of State Cultural and Educational Professionals Local 2382 American Federation of Teachers Pennsylvania AFL-CIO, effective July 1, 2007 through June 30, 2011; Agreement between the Commonwealth of Pennsylvania and the Service Employees International Union, District 1199P, CTW, CLC, 8 effective July 1, 2007 through June 30, 2011; Agreement between the Commonwealth of Pennsylvania and the Correctional Institution Vocational Education Association, Pennsylvania State Education Association, National Education Association, effective July 1, 2007 to June 30, 2011.

**Danville State Hospital
Department of Public Welfare**

**Audit Results:
Employee Pay
Incentives**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

Our analysis determined that all awards were made in accordance with the respective management directives. Employee pay incentives paid to union employees were made in accordance with applicable contractual agreements.

The following chart illustrates the breakdown of payments by general ledger fund:

Employee Pay Incentives	Fiscal Year Ended	
	June 30, 2008	June 30, 2009
Quality assurance payment	\$115,000	\$ 89,000
Board certification	11,200	11,200
Nurse certification	1,400	600
Management award (Psychiatrist)	5,000	5,000
Contractual signing bonus	<u>473,125</u>	<u>0</u>
Total Employee Pay Incentives	<u>\$605,725</u>	<u>\$105,800</u>

The employee pay incentives under physicians and nurses recognition awards were based on years of service. Our testing of supporting documentation indicated that the correct amount of pay incentive was calculated and paid to the physicians. The nurse certification program paid \$200 each year to nurses who attained a certification in an appropriate specialization. Our testing of supporting documentation for the nurse certification program indicated that the payments were made to nurses who qualified for the payments.

Finally, our examination of accounting reports indicated that eligible employees received the one-time signing bonus on July 1, 2007.

A Performance Audit

**Status of
Prior Audit**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Status of
Prior Audit**

The prior audit report of Danville State Hospital covered the period of July 1, 2003, to January 31, 2007, and contained ten findings. Eight of the findings (Findings 1, 2, 3, 5, 6, 7, 8 and 9) were positive and thus had no recommendations. The status of the remaining findings (4 and 10) and their accompanying recommendations is presented below.

**Prior
Finding 4**

Danville could save approximately \$3,000 by eliminating underused cellular phones and reducing plan minutes. (Resolved)

Our prior audit reported that Danville State Hospital could save approximately \$3,000 a year by eliminating unneeded cellular phones and reducing excessive plan minutes.

Status as of this current audit. Discussions with management indicated that the number of cell phones and plan minutes were significantly reduced to more properly reflect usage needs of Danville State Hospital staff and to reduce costs.

Our audit of Danville State Hospital's cell phone invoices for the six month period beginning on December 17, 2008, through June 16, 2009, showed that the Hospital has reduced the number of cell phones from 23 to 20 phones. Auditors also reviewed correspondence between Danville State Hospital and the Department of Public Welfare's telecommunications coordinator indicating that three more phones are to be eliminated by August of 2009. Plan minutes authorized for the six-month test period totaled 3,000 minutes, a drop of 1,300 minutes from the 4,300 minutes authorized in the six month period ending June 16, 2006, as noted in our prior audit work.

We also compared plan costs of \$4,202 for the six-month period ending on June 16, 2009, with plan costs for the six-month period ending three years earlier on June 16, 2006, in the amount of \$6,052. The reductions amounted to \$1,850, or 30.6 percent, from the earlier examined six-month period. Based on the reductions that Danville State Hospital has made to the number of cell phones and to the available minutes, this finding has been resolved.

**Danville State Hospital
Department of Public Welfare**

**Status of
Prior Audit**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Prior
Finding 10**

Danville did not comply with National Fire Protection Association guidelines. (Unresolved)

Our prior audit reported that Danville State Hospital did not comply with the portable fire extinguisher standards as established by the National Fire Protection Association. The Hospital's fire safety manager inspected fire extinguishers each month as well as each year as required, but the safety manager did not have the required manufacturer training to do the annual inspections. As of January 2007, the Hospital maintained 556 portable fire extinguishers, and 525 of the portable fire extinguishers, or 94 percent, were overdue on six-year maintenance tests. Finally, the Hospital did not post 91 fire extinguishers purchased since 2004 to the fire extinguisher inventory records, and fire extinguisher inspections were not documented for those 91 fire extinguishers. We recommended that Danville State Hospital maintain portable fire extinguishers in accordance with National Fire Protection Association standards.

Status as of this current audit. Danville State Hospital maintained an up-to-date list of fire extinguishers, which included purchase dates, location, and required test dates. The Hospital also kept a monthly fire extinguisher inspection list, which contained initials and dates of monthly inspections.

Danville State Hospital did not comply with our recommendations to comply with National Fire Protection Association policies for yearly service checks by a trained professional, and six-year and twelve-year maintenance. We discuss this issue in Finding 3 of the current audit.

**Audit Report
Distribution List**

**Danville State Hospital
Department of Public Welfare**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2011*

**Audit Report
Distribution
List**

The Honorable Tom Corbett
Governor

The Honorable Robert M. McCord
State Treasurer
Pennsylvania Treasury Department

The Honorable Gary D. Alexander
Secretary
Pennsylvania Department of Public Welfare

Blaine Smith
Deputy Secretary for Mental
Health/Substance Abuse Services
Pennsylvania Department of Public Welfare

Philip E. Mader
Acting Director
Bureau of Community and Hospital Operations
Pennsylvania Department of Public Welfare

John Kaschak
Director of Audits
Office of Comptroller Operations
Office of the Budget

Danville State Hospital

Theresa Long
Chief Executive Officer