

Performance Audit

Delaware Valley Veterans Home

**Commonwealth of Pennsylvania
Department of Military and Veterans Affairs**

July 1, 2006, to April 10, 2009



Performance Audit

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January 13, 2011

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

Dear Governor Rendell:

This report contains the results of a performance audit of the Delaware Valley Veterans Home of the Department of Military and Veterans Affairs for the period July 1, 2006, to April 10, 2009. The audit was conducted under authority provided in Section 402 of The Fiscal Code and in accordance with *Government Auditing Standards* as issued by the Comptroller General of the United States.

The report details the audit objectives, scope, methodology, findings, and recommendations. The report noted that direct care employees did not receive all mandated continuing education training. This finding was repeated from the prior audit. We discussed the contents of the report with management of the Delaware Valley Veterans Home, and all comments are reflected in the report.

We appreciate the cooperation extended to us by the management and staff of the Delaware Valley Veterans Home who provided assistance during the audit.

Sincerely,

JACK WAGNER
Auditor General

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Background Information

Background Information

Department of Military and Veterans Affairs – Bureau of Veterans Affairs

The Department of Military and Veterans Affairs administers a variety of services and benefit programs for veterans, their dependents, and spouses throughout the Commonwealth of Pennsylvania. The Pennsylvania Military Code has delegated management responsibility for veterans' facilities to the Adjutant General of the Department of Military and Veterans Affairs,¹ and the Adjutant General has designated the Bureau of Veterans Affairs as the unit responsible for coordinating all such matters with other state and federal agencies. The Bureau of Veterans Affairs is headquartered at Fort Indiantown Gap, Annville, Pennsylvania, and operates field offices in Philadelphia, Pittsburgh, and Wilkes-Barre. As of April 10, 2009, the bureau administered six state-operated veterans' facilities:

- Delaware Valley Veterans Home in Philadelphia, Philadelphia County
- Hollidaysburg Veterans Homes in Hollidaysburg, Blair County
- Gino J. Merli Veterans Center in Scranton, Lackawanna County
- Pennsylvania Soldiers' and Sailors' Home in Erie, Erie County
- Southeastern Veterans Center in Spring City, Chester County
- Southwestern Veterans Center in Pittsburgh, Allegheny County

These facilities provide domiciliary, nursing, and/or personal care to veterans who served in the Armed Forces of the United States or in Pennsylvania Military Forces, and who were released from service under honorable conditions.

Delaware Valley Veterans Home

The Delaware Valley Veterans Home is located on 20 acres in Northeast Philadelphia on the grounds of the former Philadelphia State Hospital. The physical plant consists of one building, which was dedicated on November 1, 2002. The first residents were accepted on January 21, 2003. The home was built to house 171 veterans and their spouses and currently provides nursing care services.

¹ 51 Pa.C.S.A. § 902 (10).

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In addition to conducting its general operations, Delaware Valley Veterans Home is responsible for the maintenance and accountability of residents' personal income and welfare. Delaware Valley Veterans Home administers a members' fund as a service to members who voluntarily use Delaware Valley Veterans Home as a depository for their personal funds. In addition, a welfare fund provides entertainment and craft activities and consists of donations and interest earnings.

The following schedule presents selected unaudited Delaware Valley Veterans Home operating data compiled for the years ended June 30, 2007, and 2008.

	Using Rounding	
	2007	2008
Operating expenses²		
State	\$11,894,195	\$12,253,465
Federal	<u>3,986,778</u>	<u>3,504,000</u>
Total operating expenses	<u>\$15,880,973</u>	<u>\$15,757,465</u>
Employee complement positions at year-end	213	201
Bed capacity at year-end	171	171
Average daily resident population	160	163
Available resident days of care for the year ³	62,415	62,586
Actual resident days of care for the year	58,304	59,639
Percentage of days utilized ⁴	93.4%	95.3%
Average resident cost per resident per day ⁵	\$272.38	\$264.21
Average resident cost per resident per year ⁶	\$99,420	\$96,702

² Operating expenses were recorded net of fixed assets, an amount that would normally be recovered as part of depreciation. In addition, regional level and indirect charges were not allocated to the totals reported here.

³ The available resident days of care for the year figure was calculated by multiplying the bed capacity at year-end by the number of days in the year.

⁴ Percentage of days utilized was calculated by dividing the actual resident days of care by the available resident days of care.

⁵ Average resident cost per resident per day was calculated by dividing the total operating expenses by the combined actual beds days of care.

⁶ Average resident cost per resident per year was calculated by multiplying the daily average cost per resident by the number of calendar days in the year.

Objectives, Scope, and Methodology

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.

We selected the audit objectives from the following general areas: client management, including admission procedures; expense management, including significant expenditures; inventory management, including the automotive fleet; personnel management, including staff training and employee pay incentives; and revenue management, including estate billing. In addition, we determined the status of the recommendations from the prior audit report. The specific audit objectives were as follows:

- To determine if the admission packets were properly maintained, approved, and in compliance with the terms of admission policies and procedures. (Finding 1)
- To analyze expenses and, based on that analysis, determine if further testing was warranted. (Finding 2)
- To verify that all usage of the Delaware Valley Veterans Home automotive fleet was business-related and that all usage was documented as required by policies and procedures. (Finding 3)
- To determine if Delaware Valley Veterans Home direct care staff received the required mandated continuing education. (Finding 4)
- To determine the propriety of the use of employee pay incentives. (Finding 5)
- To determine whether Delaware Valley Veterans Home prepared an estate recovery file within 30 days of the date of the resident's death or discharge for transmittal directly to the Office of Chief Counsel at the Department of Military and Veterans Affairs. (Finding 6)

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We also performed tests as part of, or in conjunction with, the current audit to determine the status of the implementation of the recommendations made during the prior audit. The prior audit included issues regarding the advancement account, the posting of financial data to the SAP R/3 system, segregation of procurement duties, fixed assets, physician payroll records, continuing education, and Medicare Part B billings.

The scope of the audit covered the period from July 1, 2006, to April 10, 2009, unless indicated otherwise in the individual findings.

To accomplish these objectives, we reviewed policies and procedures pertaining to admissions,⁷ the automotive fleet,⁸ employee training,⁹ employee pay incentives,¹⁰ and estate billing.¹¹

⁷ 43 Pa. Code §7.3 Qualification for Admission.

⁸ Commonwealth of Pennsylvania, Governor's Office, Management Directive 615.7, "Repairs, Maintenance, and Payment for Services," dated October 12, 2005;

Commonwealth of Pennsylvania, Governor's Office, Management Directive 615.8, "Use of State Automobiles," dated March 26, 1980;

Commonwealth of Pennsylvania, Governor's Office, Management Directive 615.9, "Permanent Assignment of Commonwealth Automotive Fleet Vehicles," dated October 12, 2005;

Commonwealth of Pennsylvania, Department of General Services, Bureau of Vehicle Management, "BVM 101, A Helpful Guide for Automotive Officers," revised December 14, 2006.

⁹ Commonwealth of Pennsylvania, Department of Military and Veterans Affairs, Policy #5-2003, "Annual Education and Training Program," effective December 15, 2003;

Commonwealth of Pennsylvania, Governor's Office, Management Directive 535.1, "Employee Training and Development," dated February 9, 2000.

¹⁰ Commonwealth of Pennsylvania, Governor's Office, Management Directive 525.16, "Physicians and Related Occupations Quality Assurance Program," dated February 14, 2006;

Commonwealth of Pennsylvania, Governor's Office, Management Directive 535.2, "Physicians and Related Occupations Specialty Board Certification Payments," dated February 21, 2006;

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

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

Agreement between Commonwealth of Pennsylvania and the Service Employees International Union, District 1199P, CTW, CLC, effective July 1, 2007, to June 30, 2011;

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, to June 30, 2011;

Agreement between 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.

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Objectives, Scope, and Methodology

During the course of our audit work, we interviewed various management and staff, including individuals responsible for admissions, the automotive fleet, and estate billing. We also interviewed the accountant, the director of staff training, and the benefits coordinator. In addition, we interviewed the acting director of human resources for the Department of Military and Veterans Affairs.

To determine if the admission packets were properly maintained, approved, and in compliance with admissions policies, we obtained a list of all residents who were admitted to Delaware Valley Veterans Home during the period from July 1, 2006, through June 30, 2008. We then selected a random sample for testing using 20 percent of the admitted residents' admission files for review. Next, we reviewed the admission files to ensure that Delaware Valley Veterans Home determined if the applicants met the admission requirements.

To analyze expenses and determine if further testing was warranted, we reviewed expenditure reports for the fiscal years ended June 30, 2007, and June 30, 2008, used our professional judgment to select 20 commitment items, and reviewed reports detailing specific expenditures.

To verify that all automotive fleet usage was business-related and that the usage was documented properly on vehicle automotive reports, we obtained a detailed list of the eight vehicles assigned to Delaware Valley Veterans Home at the time of the audit. We analyzed 14 months of vehicle automotive reports for the period from July 1, 2006, through June 30, 2008. We also analyzed copies of commercial driver's licenses for the employees driving the wheelchair buses.

To determine if direct care staff received the required mandated continuing education, we randomly sampled 23 of 119 nursing staff's training records.

To determine the propriety and use of pay incentives for employees, we reconciled all incentive payments to applicable Commonwealth policies and labor agreements, and we reviewed all certifications on file for physicians and nurses who received payments.

To determine if Delaware Valley Veterans Home's facilities reimbursement officer prepared an estate recovery file within 30 days of the date of the resident's death or discharge for transmittal directly to the Office of Chief Counsel at the Department of Military and

¹¹ Commonwealth of Pennsylvania, Department of Military and Veterans Affairs, Policy #02-2008, "Estate Recovery Operating Procedures," effective October 9, 2007.

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Veterans Affairs, we obtained and reviewed a listing of deceased or discharged residents with the dates of death or discharge and the estate billing issued date. From that list, based on our professional judgment, we selected a sample of 24 resident records, obtained and reviewed estate recovery file information sheets for the sample, and reviewed the estate information sheet for the monthly maintenance fee report, the estate billings report, the estate letter, the acknowledgement of claim, and the estate closer letter. Next, we determined if the estate bill issue date for all residents during our audit period complied with the 30-day period allowed by the policy. Finally, we determined if Delaware Valley Veterans Home posted all unclaimed member funds to applicable deceased residents' estate bills after one year of the death of the resident.

To determine the status of the implementation of the recommendation made during the prior audit, we reviewed the Department of Military and Veterans Affairs' written response dated September 5, 2007, replying to the Auditor General's report for the period from July 1, 2004, to October 6, 2006. We also held discussions with appropriate institution personnel and performed tests as part of, or in conjunction with, the current audit.

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Admissions

The Department of Military and Veterans Affairs has developed the following residence eligibility requirements for admission to the veterans' homes as follows:

1. *An applicant shall be an eligible veteran, spouse, or surviving spouse of an eligible veteran. An "eligible veteran" is defined as an individual who has served in the Armed Forces of the United States or the Pennsylvania Military Forces and was discharged under honorable conditions.*
2. *An applicant shall be a bona fide resident of the Commonwealth of Pennsylvania or the eligible veteran or spouse of an eligible veteran for who[m] the Commonwealth of Pennsylvania is his/her home of record upon entry into the Armed Forces of the United States or the Pennsylvania Military Forces. Current residents have priority, however, in admission.*
3. *A resident of a state veteran's home shall be required to make monthly payments against maintenance fee liability in accordance with the resident's ability to pay. However, monthly payments may be waived if an applicant is incapable of self-support and demonstrates a financial need. An applicant is "incapable of self-support" if he/she earns less than 100 percent of the service-connected disability compensation for a single person, as set by the U.S. Department of Veterans Affairs.*
4. *Admissions will be on a first-come, first-served basis. The admissions committee at the home shall determine the level of care, but its decisions may be appealed.*
5. *The following are not eligible for admission:*
 - a. *An applicant whose condition requires mental health care or custody.*
 - b. *An applicant whose behavior creates a reasonable threat to the health, safety or welfare of himself/herself or to others. This exclusion applies to an applicant who is taking medication to control behavior where, in absence of the medication, the applicants' behavior would reasonably be expected to create a potential threat to the health, safety, or welfare of himself/herself or others.*

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- c. An applicant whose condition requires treatment or levels of treatment not available at the home except under circumstances where alternative sources of treatment are reasonably available in the immediate vicinity of the home.*
- d. An applicant who has a history of alcoholism or drug abuse whose history indicates that the applicant may not be responsive to treatment or may not accept or participate in available treatment programs.*
- e. An applicant with a contagious disease.*
- f. An applicant who was convicted of a felony, unless the applicant has demonstrated good character and behavior and has no convictions for crimes or offenses for at least 5 years subsequent to incarceration.¹²*

Finding 1 – Delaware Valley Veterans Home complied with all admission guidelines.

The review of admission records for 24 of the 111 residents admitted to Delaware Valley Veterans Home during our audit period from June 30, 2006, through July 1, 2008, disclosed that the home complied with the admission guidelines. All 24 residents met the eligibility criteria. In addition, one resident was transferred from a sister facility, along with necessary documentation, so that Delaware Valley Veterans Home could continue services and treatments.

Expenditures

The Department of Military and Veterans Affairs authorizes an annual budgeted amount for the Delaware Valley Veterans Home to operate its facility. The budgeted amount includes personnel and operational expenditures, including salaries, utilities, office supplies, equipment, and repairs. The amounts budgeted for Delaware Valley Veterans Home is broken down by commitment items, which provide a more detailed description of the expenditure type of goods or service. Delaware Valley Veterans Home expenditures for the fiscal years ended June 30, 2007, and June 30, 2008, were \$15,880,973 and \$15,757,465, respectively.

¹²<http://www.milvet.state.pa.us/DMVA/2033.html>, accessed March 21, 2008. Note: Information is no longer available at this web address.

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Finding 2 – Delaware Valley Veterans Home could sufficiently explain fluctuations in expenditures.

Delaware Valley Veterans Home management provided adequate justification for the fluctuations in expenditures for all 20 of the commitment items selected for testing. Justifications included contractual pay incentives, specialized services, the hiring of a new pharmacy consultant, renovations in the dining room, general increases in the cost of medicine and supplies, costs associated with the telecommunication project, and the purchase of food service equipment.

Automotive Fleet

Delaware Valley Veterans Home automotive fleet consisted of eight vehicles. The vehicles included one passenger car, three mini-vans, two wheelchair buses, and two pickup trucks. Vehicles were used to conduct Delaware Valley Veterans Home business and to transport residents to and from scheduled appointments. Drivers of the wheelchair buses must possess a valid commercial driver's license.

Finding 3 – Delaware Valley Veterans Home sufficiently monitored the usage and mileage of its automotive fleet.

As part of our audit of Delaware Valley Veterans Home's automotive fleet for the fiscal years ended June 30, 2007, and June 30, 2008, we compared the ending monthly mileage with the next month's beginning mileage, as listed on the monthly automotive reports. We examined 112 automotive reports and found only two variances.¹³ The variances were as follows:

#1 Wheelchair Van		#2 Dodge 3500	
Sept 2006 Ending mileage	2,633	Sept 2008 Ending Mileage	40,337
Oct 2006 Beginning mileage	<u>3,157</u>	Oct 2008 Beginning Mileage	<u>40,377</u>
Variance in miles	<u>524</u>	Variance in miles	<u>40</u>

Upon further investigation, we determined that the variance of 524 miles for the wheelchair van was due to a round trip from Delaware Valley Veterans Home to Hollidaysburg

¹³ Ending and beginning report differences due to rounding and minor vehicle use on site were not considered variances for purposes of our analysis.

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Veterans Home that was not recorded on the automotive report. We determined that round trip mileage between both these homes was approximately 500 miles. Although we could not confirm it, additional travel for lunch, dinner, and fuel could account for the remaining 24 miles.

The variance of 40 miles for the Dodge 3500 was due to a transposition error on the automotive form. Therefore, we considered the second variance cleared.

With a compliance rate of 99.1 percent (111 of 112 vehicle automotive reports), we concluded that Delaware Valley Veterans Home's automotive usage was properly documented as required by Commonwealth policies and procedures.

During our audit, we also verified that the three employees authorized to operate the two wheelchair buses possessed the required commercial driver's license. Therefore, we concluded that the Delaware Valley Veterans Home was in compliance with the commercial driver's license requirement.

Staff Training

Delaware Valley Veterans Home is responsible for providing daily direct care for the health, safety, and well-being of its residents. To meet this responsibility, Delaware Valley Veterans Home must ensure the continued training of its direct care staff so that residents receive competent, consistent, and sufficient care.

The Department of Military and Veterans Affairs¹⁴ and the Governor's Office¹⁵ have established policies and directives that require Delaware Valley Veterans Home to provide each direct care worker with continuing education to focus on the skills and safety of both the direct care staff and residents.

¹⁴ Commonwealth of Pennsylvania, Department of Military and Veterans Affairs, Policy #5-2003, "Annual Education and Training Program," effective December 15, 2003.

¹⁵ Commonwealth of Pennsylvania, Governor's Office, Management Directive 535.1, "Employee Training and Development," dated February 9, 2000.

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Finding 4 – Delaware Valley Veterans Home did not ensure that its direct care employees received all mandated continuing education training.

Our audit of 23 direct care employee training records disclosed that the 23 direct care staff had received 16 of the 19 mandated training courses (84 percent). The three exceptions were as follows:

- Disaster Preparedness / Bomb / Terroristic Threats
- Staff Codes of Conduct
- Work Place Violence / Zero Tolerance

During a follow-up meeting with the director of staff training regarding the three missed mandatory training classes, we confirmed that none of the 138 direct care nursing staff had received these three mandated training classes.

According to the human resource director, the mandate related to the three training courses in question was to have expired on December 14, 2005, based on the Department of Military and Veterans Affairs, Policy #5-2003, effective December 15, 2003. However, this policy did not expire as originally recorded.

Recommendation:

1. The Delaware Valley Veterans Home training director and human resource director should maintain communications with the human resources bureau of the Department of Military and Veterans Affairs to stay informed of any changes to existing policies, as well as any new policy implementation, to ensure that staff receives all mandated training.

Comments of Delaware Valley Veterans Home Management:

Management stated that human resources would set up training classes for the three missed mandated classes for all direct care employees. In addition, management stated that they were not aware that Department of Military and Veterans Affairs policy, #5-2003 “Annual Education and Training Program,” which was to expire on December 14, 2005, was still in effect.

Subsequent Event:

While we were still at Delaware Valley Veterans Home, training class days and times were set up and employees began receiving the three mandated annual

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education and training program classes that were missed. Therefore, this finding has been partially resolved. We will verify during the next audit whether employees completed the classes.

Employee Pay Incentives

The Commonwealth 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. The incentive programs available to Delaware Valley Veterans Home employees are:

- Quality assurance program – provides monetary incentives designed to attract, retain, and reward the medical and dental professional.¹⁶
- Specialty board certification – additional compensation for physicians who are certified by one or more specialty boards.¹⁷
- Nursing certification – additional compensation for employees who have attained agreed upon nursing certifications.¹⁸
- Signing bonus – a contractual agreement to pay permanent full-time employees in active pay status on July 1, 2007, a one-time lump sum cash payment of \$1,250 for full-time employees, or \$625 for permanent part-time employees.¹⁹

¹⁶ Commonwealth of Pennsylvania, Governor's Office, Management Directive 525.16, "Physicians and Related Occupations Quality Assurance Program," dated February 14, 2006;
Agreement between Commonwealth of Pennsylvania and the Pennsylvania State System of Higher Education and Pennsylvania Doctors Alliance, effective July 1, 2005, to June 30, 2009.

¹⁷ Commonwealth of Pennsylvania, Governor's Office, Management Directive 535.2, "Physicians and Related Occupations Specialty Board Certification Payments," dated February 21, 2006.

¹⁸ Agreement between Commonwealth of Pennsylvania and the Service Employees International Union, District 1199P, AFL-CIO, CLC, effective July 1, 2003, to June 30, 2007, and July 1, 2007, to June 30, 2011.

¹⁹ 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;
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Agreement between 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.

Audit Results

Finding 5 – Delaware Valley Veterans Home made employee incentive payments in accordance with the applicable management directives or union agreements.

We examined all physicians' and nurses' incentive payments for the fiscal year ended June 30, 2007, and June 30, 2008. For the fiscal year ended June 30, 2007, two nurses were eligible for the \$200 nursing certification incentive payment, for a total of \$400 in incentive payments. Four nurses were eligible in the fiscal year ended June 30, 2008, for a total of \$800. One doctor was eligible for the quality assurance program incentive payment for \$13,600 in the fiscal year ended June 30, 2007. For the fiscal year ended June 30, 2008, one doctor met the qualifications for a \$14,600 quality assurance payment. Delaware Valley correctly allocated the incentive payments in accordance with award letters, payroll data certifications, and the respective management directives. In addition, other pay incentives amounting to \$244,775 were paid to employees on July 1, 2007, in accordance with applicable bargaining agreements.

Estate Billing

Delaware Valley Veterans Home provides monthly care and maintenance for admitted individuals and establishes charges based on the residents' ability to pay. However, this calculated monthly payment does not exonerate the resident from the financial responsibility for the actual cost of residing at Delaware Valley Veterans Home. It is the policy of the Department of Military and Veterans Affairs to recover any unpaid costs of maintaining a resident of a state veterans home from the resident's estate after his or her death or discharge as provided by applicable laws, regulations, and agency guidance.²⁰

Finding 6 – Delaware Valley Veterans Home complied with regulations regarding estate billing.

We obtained and reviewed a listing of the deceased or discharged residents, along with the dates of death or discharge and the estate billing issued date, if applicable. Based on our professional judgment, we selected the files of 24 deceased or discharged residents for testing. Based on our review of the estate recovery file information sheets for all 24 sampled residents, we concluded that Delaware Valley Veterans Home's facility reimbursement officer submitted the estate billing within the required 30 days of the date of

²⁰ Commonwealth of Pennsylvania, Department of Military and Veterans Affairs, Policy #02-2008, "Estate Recovery Operating Procedures," effective October 9, 2007.

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the resident's death or discharge. The officer also recorded all necessary information to complete the estate information sheet used to determine the deferred unpaid obligations due to the Commonwealth from the deceased or discharged resident.

In addition, we verified that the remaining member fund account balances were used to offset any outstanding estate bill balance or, if no balance was due, that the money was returned to the estate of the deceased or discharged resident.

Status of Prior Audit Findings and Recommendations

Status of Prior Audit Findings and Recommendations

The following is a summary of the findings and recommendations presented in our audit report for the period July 1, 2004, to October 6, 2006, along with a description of Delaware Valley Veterans Home's disposition of the recommendations.

Prior Finding 2 – Delaware Valley Veterans Home did not process advancement account transactions according to Commonwealth policies and procedures. (Resolved)

The previous audit disclosed that 13 of the 30 advancement account transactions examined did not comply with Commonwealth policies and procedures. One payment was made for a traffic violation incurred by a Delaware Valley Veterans Home employee during performance of official duties. Payment of traffic violations is not an allowable use of Commonwealth funds. In addition, 12 of the 30 transactions were not approved prior to payment.

We recommended that Delaware Valley Veterans Home management ensure that all payments made through the advancement account be properly approved and comply with Commonwealth guidelines.

Status:

Of the 43 transactions that were tested during the current audit period, one did not have the required approval signature listed on the vendor invoice, and one did not have the required approval request form prior to making a purchase. The remaining payments complied with Commonwealth guidelines. As a result of the very low non-compliance rate, we concluded that Delaware Valley Veterans Home has made significant strides in implementing our recommendation requiring prior approval requests as well as required approval signatures. Therefore, we consider the prior finding resolved.

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Status of Prior Audit Findings and Recommendations

Prior Finding 4 – Delaware Valley Veterans Home did not transmit the “goods receipt” information to the comptroller timely. (Resolved)

The previous audit disclosed that the Delaware Valley Veterans Home accounting staff did not post the required “goods receipt” information into the SAP R/3 accounting system for two of the six service purchase contracts selected for testing. After receiving goods or services, the staff must input the information on the “goods receipt” screen and transmit it to the comptroller’s office in Harrisburg to complete authorization for payment to the vendor. If a “goods receipt” is not transmitted, the three-way match is not complete and the vendor is not paid.

We recommended that Delaware Valley Veterans Home management should ensure that all procurement information is posted accurately and timely to ensure payments to vendors.

Status:

The current audit disclosed that Delaware Valley Veterans Home management has addressed the issues concerning the posting of “goods receipts.” A review of vendor invoices indicated that the accounting staff posted all of the required “goods receipts” accurately and timely, enabling the comptroller to complete the three-way match ensuring payment to the vendor. As a result of the corrective actions taken, we consider the prior issue resolved.

Prior Finding 5 – Purchasing duties were not segregated. (Resolved)

The previous audit disclosed that role-mapping guidelines for segregation of duties state that positions that are assigned the purchaser role cannot perform any of the following roles:

- EB pro requisitioner – creates and edits purchase requisitions
- EB pro receiver – enters material and service receipts
- R/3 receiver – enters material receipts for inventory and non inventory items
- Invoice entry processor – creates and blocks invoices within SAP R/3 and validating vendor-entered invoices.²¹

²¹ <http://www.ies.state.pa.us/imaginapa/lib/imaginapa/Allroles.html>, accessed October 5, 2006. Note: Information is no longer available at this web address.

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Status of Prior Audit Findings and Recommendations

The previous audit disclosed that four Delaware Valley Veterans Home employees were incorrectly mapped to roles within the SAP R/3 system. One of Delaware Valley Veterans Home's purchasing agents was assigned the duties of purchaser as well as EB pro requisitioner and EB pro receiver. The employee was role-mapped to complete the entire purchasing process. The employee could post the purchase, record the receipt of goods, and approve the invoice for the purchase. Therefore, the potential existed for unneeded or unwanted goods to be purchased and/or diverted for unauthorized use without detection. Additionally, while the role mapping of three employees who changed job positions at Delaware Valley Veterans Home was revised to add the new position functions, the previous position responsibilities were not removed. As a result, these employees could perform functions within the system that were not applicable to their new job positions.

We recommended that Delaware Valley Veterans Home management amend the roles mapped for its purchasing agent so that the agent is not able to perform all phases of a purchasing transaction. We also recommended that Delaware Valley Veterans Home management amend the roles mapped for the employees who transfer to new positions within the institution, and develop a procedure to ensure that the roles of those employees are evaluated to determine whether changes are required.

Status:

The current audit disclosed that Delaware Valley Veterans Home management corrected the role-mapping conflicts that existed during the previous audit. The role-mapping functions are now assigned according to positions, not to individuals. When an employee changes positions, the roles from the previous position are removed and the roles for the new position are added. The information technology department for the Department of Military and Veterans Affairs created a software program programmed with all SAP R/3 roles, both compatible and conflicting, to detect role conflicts. A role conflict test conducted on December 19, 2008, indicated no role conflicts listed for the Department of Military and Veterans Affairs. As a result of the corrective actions taken, we consider the prior issue resolved.

Prior Finding 6 – Deficiencies existed with tagging and maintaining accurate records of fixed assets. (Resolved)

Delaware Valley Veterans Home management did not maintain fixed asset records to include all items over \$5,000. Additionally, some items that were included in the fixed asset ledger were not tagged or assigned a fixed asset number for tracking purposes. Finally, Delaware Valley Veterans Home did not require its staff to complete a record of transfer to

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notify the fixed asset coordinator when fixed assets were moved from one location to another within the institution. As a result of these issues, assets could be diverted or misused without timely detection.

The home's fixed asset coordinator had erroneously removed 12 computer-related assets valued at over \$5,000 from the fixed asset ledger based on the premise that Delaware Valley Veterans Home's information technology department was also tracking computer-related equipment. Delaware Valley Veterans Home policy defines an item that needs to be tagged for fixed asset recordkeeping as an item costing over \$5,000.

We recommended that Delaware Valley Veterans Home management assign a fixed asset number to every asset valued greater than \$5,000 and, where practical, place a tag with that number on the asset. Next, we recommended that the fixed asset number should be recorded on a fixed asset report. Finally, we said that Delaware Valley Veterans Home should require the use of a fixed asset transfer form.

Status:

The current audit testing disclosed the Delaware Valley Veterans Home implemented all of our recommendations. We also verified, by comparing fixed asset expenses to the fixed asset list and physically inspecting that the assets were tagged, that all new fixed assets were recorded and tagged. As a result of the corrective actions taken, we consider the prior issue resolved.

Prior Finding 9 – Hours recorded on payroll records did not accurately reflect hours worked by Delaware Valley Veterans Home physicians. (Resolved)

The payroll records for two Delaware Valley Veterans Home physicians did not reflect actual hours worked. The physicians' actual work time was split between on-site and on-call hours. However, payroll records indicated that the physicians were paid for on-site hours only.

We recommended that Delaware Valley Veterans Home require that physician payroll records accurately report on-site and on-call hours.

Status:

The current audit disclosed that the Delaware Valley Veterans Home complied with the recommendation of the prior audit. Both doctors submitted their on-site and on-

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call hour timesheets to the commandant for approval and signature before being forwarded to the timekeeper for processing. As a result of the corrective actions taken, we consider the prior issue resolved.

Prior Finding 11 – Employees did not receive all of the required continuing education. (Unresolved)

The prior audit determined that Delaware Valley Veterans Home's direct care staff did not receive all 20 required annual training courses for the 2004 and 2005 calendar years. For 2004, 8 of the 11 direct care staff selected for testing did not receive 34 of the 220 mandated training sessions (11 employees multiplied by the 20 required training courses). For 2005, 10 of the 11 direct care staff selected for testing did not receive 39 of the 220 mandated training sessions.

We recommended that Delaware Valley Veterans Home's training officer periodically review each employee's training record to ensure that everyone receives all required training.

Status:

The current audit indicated that, once again, the direct care staff did not receive all mandated continuing education courses. This issue is still unresolved as explained more fully in Finding 4 of the current audit report. (Page 13)

Prior Finding 13 – Delaware Valley Veterans Home did not maintain records to ensure that all rejected claims were investigated. (Resolved)

Our prior audit determined that Delaware Valley Veterans Home revenue department did not maintain centralized records documenting rejected Medicare Part B claims. These claims should be researched and resubmitted for reimbursement.

We recommended that Delaware Valley Veterans Home maintain documentation summarizing rejected Medicare Part B claims, the follow-up review performed, and the status of the rejected or resubmitted claim.

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Status:

The current audit disclosed that Delaware Valley Veterans Home developed and maintained a “rejection report.” This report allowed the facility reimbursement officer to review and research the rejections and resubmit the eligible claims for reimbursement. As a result of the corrective actions taken, we consider the prior issue resolved.

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