



## **Performance Audit**

### **Loysville Youth Development Center**

**Department of Public Welfare  
Commonwealth of Pennsylvania**

**December 2011**

December 16, 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 Loysville Youth Development Center of the Department of Public Welfare for the period July 1, 2007, to December 15, 2009, unless indicated otherwise in the individual findings. We conducted our audit under authority provided in Section 402 of The Fiscal Code and in accordance with generally accepted government auditing standards.

The report contains summaries of our examination in relation to our four audit objectives, along with our audit scope, methodology, and findings for each objective.

We discussed the contents of the report, which contains no recommendations, with management of the Loysville Youth Development Center.

Sincerely,

**JACK WAGNER**  
Auditor General

**Loysville Youth Development Center of the  
Department of Public Welfare**

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**Loysville Youth Development Center of the  
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**Background  
Information**

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**Background  
Information**

***History and  
mission***

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

The Office of Children, Youth and Families was established in 1980 as an office within the Department of Public Welfare. The responsibilities of the Office of Children, Youth and Families include providing child welfare services and operating youth development centers, youth forestry camps, and child day care services. Pennsylvania's child welfare system is county-administered and state-supervised. Child welfare and juvenile justice services are organized, managed, and delivered by county children and youth agencies and county juvenile probation offices.

The youth development center/youth forestry camp system had previously been established in 1959 under authority of the Department of Public Welfare. The youth development center/youth forestry camp system comprised the public sector portion of the institutions for delinquent youths, which is now a responsibility of the Bureau of Juvenile Justice Services within the Office of Children, Youth and Families.

**Bureau of Juvenile Justice Services**

The Office of Children, Youth and Families' web site<sup>1</sup> states:

*The Bureau of Juvenile Justice Services (BJJS) is responsible for the management, operations, program planning, and oversight of all the youth development center/youth forestry camp facilities. These facilities are designed to provide state-of-the-art treatment, care, and custody services to Pennsylvania's most at-risk youth.*

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

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1

<http://www.dpw.state.pa.us/dpworganization/officeofchildrenyouthandfamilies/bureauofjuvenilejusticeservices/index.htm>, accessed November 2, 2011, verified December 6, 2011.

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

*All aspects of the BJJS facilities are based on the Restorative Justice concept thereby ensuring that all the facility programs provide equal attention to the victim, the youth, and the community.<sup>2</sup>*

**Loysville Youth Development Center**

Loysville Youth Development Center, which we refer to in this report as Loysville, is located on 68 acres of land originally acquired in 1963 in the town of Loysville in Perry County, approximately 34 miles northwest of Harrisburg. Loysville staff provides treatment to delinquent males between the ages of 12 and 18. Each of its living areas is designated for a specific client need. The facility utilizes a Stages of Change approach that emphasizes the importance of therapeutic relationships paired with the use of effective treatments matched to the youth's readiness for change.<sup>3</sup>

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<sup>2</sup> The Balanced and Restorative Justice concept is based on an understanding that crime is an act against a victim and a community and that restoring victims and communities is a vital part of the process of treating the youth in the youth development center/youth forestry camp system, decreasing the chances that they will reoffend.  
<http://www.dpw.state.pa.us/forchildren/juvenilejustice/balancedrestorativejustice/index.htm> , accessed December 6, 2011.

<sup>3</sup> <http://www.dpw.state.pa.us/forchildren/juvenilejustice/juvenilejusticeloysvilleyouthdevelopmentcenter/index.htm>, accessed December 6, 2011.

**Loysville Youth Development Center of the  
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**Objectives, Scope,  
and Methodology**

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**Objectives,  
Scope, and  
Methodology**

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

Our performance audit of Loysville involved the examination of four objectives. We selected the audit objectives from the following general areas: asset management, contract management, client management, and personnel management. The specific audit objectives were as follows:

- One: Determine if Loysville management maintained controls over fixed assets, including computers, by adhering to Commonwealth policies and procedures. (Finding 1)
- Two: Determine if Loysville staff procured and monitored selected contracts for goods or services in accordance with the Commonwealth's Procurement Handbook. (Finding 2)
- Three: Determine if Loysville staff developed a master case plan to address the specific treatment needs of each resident. (Finding 3)
- Four: Determine if Loysville management awarded pay incentives to employees in accordance with terms of established contracts and agreements. (Finding 4)

The scope of our audit was from July 1, 2007, to December 15, 2009, unless indicated otherwise.

To accomplish our objectives, we obtained and reviewed records, and analyzed pertinent policies, agreements, and guidelines of the Commonwealth and the Department of Public Welfare. In the course of our audit work, we interviewed various Loysville management and staff.

**Objectives, Scope,  
and Methodology**

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The Audit Results section of this report contains the specific inquiries, observations, tests, and analysis conducted for each audit objective.

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



**Loysville Youth Development Center of the  
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**Audit Results**

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**Audit Results**

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

- Statement of the objective.
- Relevant laws, policies, or agreements.
- Audit scope in terms of period covered, types of transactions reviewed, and other parameters that define the limits of our audit.
- Methodologies used to gather sufficient evidence to meet the objective.
- Findings and conclusions, if applicable.
- Recommendations, if applicable.

Our audit of Loysville did not reveal any deficiencies; therefore, this report does not contain recommendations or comments from Loysville management.

**Loysville Youth Development Center of the  
Department of Public Welfare**

**Audit Results:  
Fixed Assets**

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**Audit Results  
for  
Objective  
One**

**The objective**

Objective one for our performance audit was to determine if Loysville management maintained controls over fixed assets, including computers, by adhering to established policies and procedures.

**Relevant laws, policies, or agreements**

***Fixed Assets***

The Commonwealth of Pennsylvania<sup>4</sup> and Department of Public Welfare<sup>5</sup> have issued policies and procedures that provide a comprehensive and coordinated program of management and control over fixed assets, computers, and other items selected for property control.

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 policy also establishes lower thresholds for low value assets that may also be included on inventory records at the discretion of the agency. The Department of Public Welfare's fixed asset inventory policy has established a threshold value of \$5,000 for fixed assets to be included on inventory records. Department of Public Welfare policy also states that at the discretion of facility management, the facility may account for assets, such as computers, with a value below \$5,000. Institution management may elect to use a separate ledger or database for purposes of control over these assets.

Loysville records information on its fixed assets and computer inventories in two separate master ledgers. The information includes the following: the cost of the item; condition; description; location; serial, tag, or other identifying number; and individual responsible for the safety and security of the item, if applicable.

In order to maintain adequate control, the Department of Public Welfare's policy states:

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<sup>4</sup> 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.

<sup>5</sup> 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.

**Loysville Youth Development Center of the  
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**Audit Results:  
Fixed Assets**

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*Each facility superintendent/director shall ensure that a Fixed Asset Inventory Control Coordinator is designated.... [and] shall be responsible for coordinating all fixed asset and selected property control management at the facility.<sup>6</sup>*

In addition, the coordinator may require staff to record other assets and computer equipment not covered under the policy at the time of acquisition. The coordinator also may conduct periodic spot checks in addition to the required annual inventories.

**Scope and methodologies**

To determine whether Loysville management maintained controls over fixed assets and computers, we performed the following procedures:

- We interviewed the Loysville officials responsible for the oversight and control of fixed assets and computers.
- We reviewed applicable Commonwealth and Department of Public Welfare policies and procedures.
- We obtained the fixed asset master ledger as of June 30, 2009, and the computer master ledger as of February 19, 2009. From these ledgers, we obtained information on the item cost, description, location, and identification number (serial number or tag number).
- We randomly selected assets recorded in both master ledgers—42 out of 216 fixed assets, and 24 out of 140 computers—and performed substantive testing. Specifically, we physically observed the asset, noting the description, location, and identification number.

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<sup>6</sup> 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.

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**Audit Results:  
Fixed Assets**

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- We performed procedures to verify the actual cost of an asset listed on the master ledger by tracing it to the purchase order, invoice, and the Commonwealth's accounting system report.
  - We obtained and analyzed five semi-annual inventory reports for the period July 1, 2007, through June 30, 2009.

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**Finding 1**

**Loysville maintained controls over its fixed assets and computers.**

Based on our examination of the selected fixed assets and computers, the Loysville fixed asset inventory control coordinator maintained adequate controls over the recording of the fixed assets and computers listed on the ledgers.

Each of the 42 fixed assets and 24 computers that we examined were physically found at the proper locations with the corresponding asset tag numbers and identification numbers. Our review confirmed that semi-annual spot checks were being conducted by the fixed asset inventory control coordinator. The inventory ledgers included all required information: the cost of the item, the description, the location, and the serial, tag, or other identifying number. For those items we selected for testing, the documentation we reviewed supported the asset's cost data contained in the ledger.

**Loysville Youth Development Center of the  
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**Audit Results:  
Contracted Services**

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**Audit Results  
for  
Objective  
Two**

**The objective**

Objective two for our performance audit was to determine if Loysville staff procured and monitored selected contracts for goods or services in accordance with the Commonwealth's Procurement Handbook. We also determined whether Loysville received the goods and services specified in its contracts.

***Contracted  
Services***

**Relevant laws, policies, or agreements**

The Commonwealth has established policies and procedures for the procurement of services. These policies and procedures address the monetary thresholds and procedures for formal bids, as well as contract payment methods and requirements.<sup>7</sup>

Contracted professional services at Loysville included, but were not limited to, medical services, drug and alcohol counseling, dental services, fire alarm inspection, courier service, and equipment repair. Loysville management is responsible for effectively monitoring goods received and services rendered on site by the contractor.

**Scope and methodologies**

To determine whether Loysville staff procured goods and services in accordance with the Commonwealth of Pennsylvania's Procurement Handbook, we performed the following procedures:

- We obtained and reviewed the applicable sections of the Commonwealth of Pennsylvania's Procurement Handbook.<sup>8</sup>

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<sup>7</sup> [http://www.portal.state.pa.us/portal/server.pt/community/procurement\\_handbook/14304](http://www.portal.state.pa.us/portal/server.pt/community/procurement_handbook/14304), accessed July 15, 2011, verified on December 6, 2011.

<sup>8</sup> [http://www.portal.state.pa.us/portal/server.pt/community/procurement\\_handbook/14304/part\\_iii\\_%E2%80%93\\_procurement\\_of\\_services\\_procedures/591310](http://www.portal.state.pa.us/portal/server.pt/community/procurement_handbook/14304/part_iii_%E2%80%93_procurement_of_services_procedures/591310), accessed July 15, 2011, verified on December 6, 2011.

**Loysville Youth Development Center of the  
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**Audit Results:  
Contracted  
Services**

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- We interviewed the Loysville procurement officer to obtain an understanding of the process of procuring contracts for goods and services.
  - We interviewed various Loysville officials to obtain an understanding of the contract monitoring and invoice approval procedures at Loysville.
  - We selected and examined 11 of the 32 contracts in effect for the period from July 1, 2007, to June 30, 2009.
  - We examined invoices to verify that the descriptions and charges on the invoices agreed with contract specifications.

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**Finding 2**

**Loysville procured and monitored contracts in accordance with the Procurement Handbook.**

Our examination of 11 various types of contracts found that Loysville complied with the Procurement Handbook's prescribed procurement procedures. The 11 contracts examined consisted of the following: three competitively bid contracts in excess of \$10,000; two informally bid contracts that were below the handbook's \$10,000 threshold; two contracts were medical assistance rate contracts and, according to the Department of Public Welfare, required no bidding; one contract for services was procured by Loysville through sole-source contracting procedures; and three contracts were below the handbook's \$5,000 threshold, thus not requiring Loysville to perform specific procurement procedures for the selection of these vendors.

In addition, Loysville staff monitored the services provided, verified the accuracy of vendor invoices, and properly approved vendor invoices for payment for goods and services received under the 11 contracts we examined.

**Loysville Youth Development Center of the  
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**Audit Results:  
Master Case Plan**

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**Audit Results  
for  
Objective  
Three**

**The objective**

Objective three for our performance audit was to determine if Loysville staff developed a master case plan to address the specific treatment needs of each resident.

**Relevant laws, policies, or agreements**

***Master Case Plan***

From the time a resident is referred to the Bureau of Juvenile Justice Services, which we will refer to as Juvenile Justice, every resident receives individualized treatment services based on his or her strengths and needs.

The master case planning system is a strength-based approach that acknowledges the resident's capacity for positive goal achievement. As part of the master case planning system, representatives from various disciplines inside and outside the facility participate in multidisciplinary team meetings. The multidisciplinary team, which consists of the resident, members of the Loysville staff, and representatives from human service agencies, meets regularly to review the resident's progress and develop treatment strategies based upon strength-based principles and the resident's overall treatment goals.

**Scope and methodologies**

To determine if Loysville staff developed a master case plan for each resident, we performed the following procedures:

- We reviewed the Juvenile Justice manual, "*Master Case Planning System*."
- We selected for examination 21 of 93 residents' files—three files from each of the seven resident cottages.
- We examined the individual resident files to determine if the file contained the following documents supporting a resident's master case plan:
  - Attendance sheet for the master case planning conference/multidisciplinary team meeting.
  - Treatment plan.

**Loysville Youth Development Center of the  
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**Audit Results:  
Master Case Plan**

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- Monthly report.
  - Court report.
  - Competency and treatment issue development (goals).
  - Balanced and restorative justice tracking form.
  - Probation office letter.
  - Parent letter.
  - Discharge summary.

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**Finding 3**

**Loysville developed a master case plan for each resident  
selected for testing.**

Our examination of the documents contained in the 21 residents' files selected for testing confirmed that a master case plan for each resident was developed and monitored by an assigned multidisciplinary team. In addition, team meetings regarding resident evaluations occurred regularly and consistently to ensure coordination and completion of the residents' specific treatment plans.



**Loysville Youth Development Center of the  
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**Audit Results:  
Employee Pay  
Incentives**

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**Audit  
Results for  
Objective  
Four**

**The objective**

Objective four for our performance audit was to determine if Loysville management awarded pay incentives to employees in accordance with terms of established contracts and agreements.

**Relevant laws, policies, or agreements**

***Employee Pay  
Incentives***

The Commonwealth of Pennsylvania has established a number of incentive programs to help recruit and retain personnel for certain positions that are deemed critical. In addition, certain employees may be entitled to a bonus based upon contract agreements. We examined the following health care professional incentive programs which were in effect at Loysville during our audit period:

- Quality Assurance Program – provides monetary incentives designed to attract, retain, and reward medical and dental professionals.<sup>9</sup>
- Specialty Board Certification – additional compensation for physicians who are certified by one or more specialty boards.<sup>10</sup>
- 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, or \$625 for permanent part-time employees.<sup>11</sup>

<sup>9</sup> Management Directive 525.16, “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.

<sup>10</sup> Management Directive 535.2, “Physicians and Related Occupations Specialty Board Certification Payments,” dated February 21, 2006.

<sup>11</sup> 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.

**Audit Results:  
Employee Pay  
Incentives**

**Loysville Youth Development Center of the  
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**Scope and methodologies**

To determine if Loysville management awarded pay incentives to employees in accordance with terms of established contracts and agreements we performed the following procedures:

- We obtained and reviewed the union agreements related to bonus pay and incentives.
- We obtained and analyzed pay incentive expenditures by cost center.
- We obtained accounting records with employee pay incentive-type transactions and traced dollar amounts to the Loysville payroll posting detail report for fiscal years ended June 30, 2008, and June 30, 2009.

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**Finding 4**

**Loysville paid incentives to all qualifying employees in accordance with applicable management directives and union agreements.**

Our audit of the Specialty Board Certification and the Quality Assurance Program for fiscal years ended June 30, 2008, and 2009, revealed payments totaling \$11,000 were made to Loysville health care professionals. These payments were distributed in accordance with the agreement between the Commonwealth of Pennsylvania and the Pennsylvania Doctors Alliance. The agreement denotes the amount of payment an employee would receive, based on his or her credited years of Commonwealth service.

Signing bonuses totaling approximately \$276,000 paid to nurses, medical, dietary, and maintenance personnel during the same time period were also awarded by Loysville in accordance with the contractual agreement.

**Loysville Youth Development Center of the  
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**Status of  
Prior Audit**

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**Status of  
Prior Audit**

The prior audit report of Loysville Youth Development Center covered the period of July 1, 2004, to September 28, 2007, and contained six findings. Three of the findings (2, 5, and 6) were positive and thus had no recommendations. The status of the remaining findings (1, 3, and 4) and their accompanying recommendations is presented below.

**Scope and methodologies**

To determine the status of the implementation of the recommendations made during the prior audit, we reviewed the written response of the Department of Public Welfare dated October 15, 2008, replying to the Auditor General's report from July 1, 2004, to September 28, 2007, and performed interviews and tests as part of, or in conjunction with, the current audit.

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**Prior Finding 1    Loysville officials did not comply with procedures for investigating and resolving incidents of alleged resident abuse. (Resolved)**

Our prior audit reported that Loysville officials did not comply with the Bureau of Juvenile Justice procedures for investigating and resolving incidents of alleged abuse involving residents and staff members. Furthermore, Loysville officials did not comply with the Bureau of Juvenile Justice's policies and procedures for reporting and documenting those incidents.

Bureau of Juvenile Justice's procedures require: internal investigations for violations of resident abuse policies, preparation of comprehensive investigative reports within 24 hours after completion of the investigation, and reconciliatory meetings involving a supervisor, the perpetrator, and the victim. Our prior audit found these required procedures were not documented consistently.

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

**Status of  
Prior Audit****Loysville Youth Development Center of the  
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We recommended that Loysville officials comply with Juvenile Justice's policies and procedures for reporting and investigating alleged child/resident abuse.

**Status as of this audit.** For our current audit we reviewed all 18 alleged incidents of resident abuse on record from July 2007 to July 2009 and found that, when applicable, all internal investigations were conducted, comprehensive investigative reports were prepared, and the required reconciliatory meetings took place, all in accordance with the Bureau of Juvenile Justice's policies and procedures. Also, as required, incidents of alleged abuse were reported on the automated intake and incident reporting system form.

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**Prior Finding 3   Responsibilities for monitoring and enforcing training requirements were not clearly defined. (Resolved)**

Our prior audit reported that five out of 19 newly hired employees failed to attend a mandatory child protective services course because there was confusion as to which department was responsible for monitoring training. The acting director stated that the training department was responsible, while the human service program specialist stated that the cottage supervisors should have been monitoring training. This confusion led to the missed opportunity for the five employees to attend this training. The mandated child protective services course covered the following topics: reporting and investigating alleged incidents of resident abuse; the department's abuse policy; and client's rights.

We recommended that Loysville management develop a monitoring system to ensure that employees receive all mandatory training courses. We also recommended that responsibility for monitoring training requirements be clearly delegated to an individual department/office.

**Status as of this audit.** Our review of new employee training records for the time period of July 1, 2007, through June 30, 2009, revealed that each of the 15 newly hired employees had attended all of the mandated annual training as required by the Bureau of Juvenile Justice.

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In addition, our review of Juvenile Justice's policy and procedure manual, issued in January 2008, revealed that the manual clearly delegated responsibility for employee training by stating that the agency director and/or his/her designee, in coordination with the Regional Training Department, shall ensure that all scheduled training is implemented and evaluated.<sup>12</sup>

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**Prior Finding 4    Loysville officials were not required to follow state staffing guidelines. (Resolved)**

Our prior audit reported that Department of Public Welfare had regulations requiring specific staff-to-resident ratios that were mandated for youth centers operated by private providers contracted by the state. However, these same staffing regulations did not apply to Loysville since it is operated by the state. We reviewed the work schedules for 81 shifts at Loysville and found 13 shifts where the staffing-to-resident ratios were not in compliance with Department regulations for privately run facilities.

We recommended that Department of Public Welfare's Office of Children, Youth and Families require Loysville to adopt the same staffing ratio as youth centers operated by private providers.

**Status as of this audit.** In a written response to our prior audit dated October 15, 2008, the department concurred with the finding and stated:

*...it is the Department's intent to apply the same standards to its facilities as those applied to private facilities. BJJS will review staff complement, occupancy rates, and scheduling practices at Loysville to determine the reasons for the indicated scheduling abnormalities and initiate corrective actions as required by February 20, 2009.*

For our current audit, we examined 84 of 651 daily work schedules for all seven cottages for randomly selected days during the months of April, May, June, and July of 2009. We calculated the staff-to-resident ratios for

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<sup>12</sup> Department of Public Welfare, Bureau of Juvenile Justice Services, Policy and Procedure Manual Number 10.02, issued January 9, 2008.

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each cottage and found that for each of the 84 schedules examined, the staff-to-resident ratio exceeded the Department of Public Welfare's requirements.

**Loysville Youth Development Center of the  
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**Loysville Youth Development Center**  
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