

Performance Audit

Polk Center

**Commonwealth of Pennsylvania
Department of Public Welfare**

July 1, 2006, to February 13, 2009



Performance Audit

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July 12, 2010

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

Dear Governor Rendell:

This report contains the results of the performance audit of Polk Center from July 1, 2006, to February 13, 2009. The audit was conducted under authority provided in Section 402 of The Fiscal Code and in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

The report details our audit objectives, scope, methodology, findings, and recommendations. The report notes that Polk Center incurred an additional \$10,338 in travel expenses and that the center did not provide all supplemental procedures training. We also note that Polk Center did not implement a tracking system to document incidents as recommended by the Department of Health, that the emergency operations plan did not address all scenarios, and that Polk Center did not maximize Medicare Part B revenue. In addition, weaknesses were found in the fixed asset inventory control system. We discussed the contents of the report with officials of the institution and all appropriate comments are reflected in the report.

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

Sincerely,

JACK WAGNER
Auditor General

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Background Information

Background Information

Department of Public Welfare – Office of Developmental Programs

An Executive Board order established the Office of Mental Retardation within the Department of Public Welfare, on December 8, 1972. As a result of reorganizations, the Office of Mental Retardation became the Office of Developmental Programs and within that, the Bureau of Supports for People with Intellectual Disabilities. This bureau directs the fiscal and program planning, management and oversight of all mental retardation program operations including state operated facilities and community mental retardation programs.¹ Services provided by these programs are classified into four categories:

- Nonresidential community-based service
- Residential community-based service
- Intermediate care facilities
- Institution care

To provide care in the institutional setting, the bureau is directly responsible for the operation of five mental retardation centers: Ebensburg/Altoona, Hamburg, Polk, Selinsgrove, and White Haven. The centers are physically separate institutions that provide residential care to individuals with severe and profound mental retardation.

Polk Center

Polk Center is one of the five state mental retardation centers operated by the Office of Developmental Programs. It is located in Venango county, in the borough of Polk, approximately 75 miles south of Erie. It was established by authority of the state legislature on June 3, 1893, and formally opened on April 17, 1897. The objectives of Polk Center are:

- To promote self-determination by empowering people to live the life they want, while ensuring safety and optimal health.
- To promote compassion, respect, and valuing of one another.

¹ www.state.pa.us/About/ODP, accessed June 23, 2010.

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- To work together as a team and part of the community to provide a home and family way of living, respecting and ensuring rights and choices and acknowledging each person's needs, dreams, and desires.

Polk Center is situated on approximately 802 acres of land. In addition to five residential buildings, there are several support buildings, which house services such as the administrative offices, the dietary and maintenance shops, laundry, warehouse, power plant, and water treatment plant.

A facility director manages the operations of the center with the assistance of management personnel who are assigned to four primary divisions: program services, health services, support services, and quality assurance/risk management. A nine-member board of trustees, appointed by the Governor with the advice and consent of the State Senate, serves in an advisory capacity to Polk Center management.

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The following schedule presents select unaudited center operating data compiled for the years ended June 30, 2006, 2007, and 2008:

	2006	2007	2008
Operating expenditures (rounded in thousands) ²	\$66,160	\$67,440	\$67,732
Employee complement at year-end	993	969	964
Bed capacity at year-end	557	521	521
Available client days of care ³	203,305	190,165	190,686
Average daily client population ⁴	344	342	329
Actual client days of care	125,385	124,797	120,319
Percent utilization (based on client days of care) ⁵	61.7%	65.6%	63.1%
Average daily cost per client ⁶	\$528	\$540	\$563
Annual average cost per client ⁷	\$192,595	\$197,246	\$206,034

² Operating expenses are recorded net of fixed asset costs, an amount that would normally be charged to depreciation. In addition, region and department level direct and indirect charges were not allocated to the totals reported here.

³ Available client days of care were calculated by multiplying bed capacity by the number of calendar days in the year.

⁴ Average daily client population was calculated by dividing the actual client days of care for the year by the number of calendar days in the year.

⁵ Percent of utilization was calculated by dividing actual client days of care by available client days of care.

⁶ Average daily cost per client was calculated by dividing the total operating expenses by the actual client days of care. Note, this rate is not the same as a certified per diem rate since the total operating expenses excluded depreciation and allocated direct and indirect costs from region and department level offices.

⁷ Annual average cost per client was calculated by multiplying the average daily cost per client 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, expense, personnel, revenue, and fixed asset management. The specific objectives were:

- To assess the adequacy of controls over the procurement process. (Finding 1)
- To determine if significant expenses were appropriate. (Finding 2)
- To assess the adequacy of controls over travel expenses. (Findings 3 and 4)
- To determine if Polk Center had adequate control over overtime expenditures. (Finding 5)
- To assess the adequacy of qualifications of the direct care staff including training and criminal history clearances. (Findings 6 and 7)
- To evaluate the efforts to respond to employee complaints and suggestions. (Finding 8)
- To determine the propriety of the use of bonuses and other pay incentives for employees. (Finding 9)
- To assess the effectiveness of management of elopement incidents, as well as compliance with Department of Public Welfare and Polk Center policies and procedures regarding unauthorized absences. (Findings 10, 11, and 12)
- To assess the completeness of emergency/evacuation plan and fire evacuation procedures. (Findings 13 and 14)

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- To determine whether Polk Center maximized Medicare Part B revenues.
(Finding 15)

- To determine if Polk Center had adequate controls over fixed asset inventory.
(Finding 16)

To accomplish these objectives, we reviewed applicable Commonwealth policies and procedures pertaining to travel,⁸ staff training and criminal history,⁹ incident management and elopement¹⁰ emergency operations and fire evacuation planning,¹¹ Medicare Part B

⁸ Commonwealth of Pennsylvania, Governor's Office, Management Directive 230.10, "Travel and Subsistence Allowances," effective February 15, 2007;
Commonwealth of Pennsylvania, Governor's Office, Management Directive 230.15, "Continental United States High Cost Subsistence Allowances," effective March 29, 2007;
Commonwealth of Pennsylvania, Governor's Office, Management Directive 315.14, "Charges for State Employees Residing or Subsisting in Commonwealth Facilities," effective May 29, 1997;
Commonwealth of Pennsylvania, Governor's Office, Administrative Circular 08-15, "Lodging Payments with an Agency Lodging Card," effective September 8, 2008.

⁹ Pennsylvania Code Title 6, "Aging," Chapter 15, "Protective Services for Older Adults," Section 15.140, "Criminal History Record Information Reports;"
Commonwealth of Pennsylvania, Department of Public Welfare, Personnel Manual, Section 7121, "Training and Development," Subsection 1, "References, Policy and Responsibilities," Subsection 2, "Implementation of Training," Subsection 4, "Design and Classification of Training and Development Programs," Subsection 7, "Annual Training Plan and Report," reissued January 27, 1995;
Commonwealth of Pennsylvania, Department of Public Welfare, Personnel Manual, Section 7124.1, "New Employee Orientation," reissued February 19, 1999;
Commonwealth of Pennsylvania, Governor's Office, Management Directive 515.15, "Identification, Employment, and Education Verification Checks," effective June 13, 1997;
Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Administrative Policy and Procedure Manual, General Administrative Policy Nr. 3, "Care and Services," effective September 13, 2003;
Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Administrative Policy and Procedure Manual, General Administrative Policy Nr. 6, "Interdisciplinary Approach," effective October 3, 2008;
Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Administrative Policy and Procedure Manual, General Administrative Policy Nr. 37, "Training Policy," effective September 11, 2006.

¹⁰ Commonwealth of Pennsylvania, Department of Public Welfare, Mental Retardation Bulletin Nr. 6000-04-01, "Incident Management," effective February 28, 2004;
Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Administrative Policy and Procedure Manual, General Administrative Policy Nr. 41, "Missing Persons Policy," effective October 2, 2006;

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Objectives, Scope, and Methodology

reimbursement,¹² fixed asset inventory and accounting,¹³ complaints,¹⁴ union contracts,¹⁵ overtime,¹⁶ procurement,¹⁷ and bonuses.¹⁸

Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Administrative Policy and Procedure Manual, General Administrative Policy Nr. 14, "Incident Management Local Supplement," effective January 8, 2007;

Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Incident Management Manual, "Reportable Incident Process," effective 2004;

Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Safety Manual, "Missing Persons Procedures."

¹¹ Commonwealth of Pennsylvania, Department of Public Welfare, Bureau of Administrative Services, Administrative Policies, "Emergency Operations Planning" (formerly 7068), issue date June 2, 2005; Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Administrative Policy and Procedure Manual, Safety/Sanitation/Environment Policy Nr. 10, "Bomb Threat Reporting," effective September 11, 2006;

Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Administrative Policy and Procedure Manual, Safety/Sanitation/Environment Policy Nr. 19, "Fire Safety/Evacuation Policy," effective January 9, 2006;

Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Fire Evacuation Plan for Woodside, Meadowside, and Lakeside buildings, dated April 1, 2002.

¹² Code of Federal Regulations, Title 42, "Public Health," Chapter IV, "Centers for Medicare and Medicaid Services," United States Department of Health and Human Services, Part 483, "Requirements for States and Long Term Care Facilities," Subpart I, "Conditions of Participation for Intermediate Care Facilities for the Mentally Retarded," §483.460, "Condition of Participation: Health Care services," revised October 1, 2001; Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Health Services Policy and Procedure Manual, Nursing Policy Nr. 9, "Quarterly Nursing Physical Examination and Documentation," effective July 23, 2007;

Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Administrative Policy and Procedure Manual, General Administrative Policy Nr. 58, "Encounter Forms for Medicare Part B," effective November 20, 2008.

¹³ Commonwealth of Pennsylvania, Department of Public Welfare, Administrative Manual, 7036, "Surplus and Excess Property," Section 7036.1, "Definitions and General Policy," Subsection B.1, "General Policy," Number 1, effective April 15, 1991;

Commonwealth of Pennsylvania, Governor's Office, Management Directive 310.14, "General Capital Asset and Other Fixed Asset Accounting and Reporting in SAP," effective February 3, 2003;

Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Administrative Policy and Procedure Manual, General Administrative Policy Nr. 28, "Fixed Asset Inventory and Accountability Policy," effective November 11, 2005.

¹⁴ Commonwealth of Pennsylvania, Department of Public Welfare, Office of Developmental Programs, Protocols and Procedures internal policy CP-01-02, "ODP Customer Service Responsiveness," effective August 22, 2007.

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We interviewed the assistant superintendent for administrative services, the accountant, the human resource analyst, acting staff development specialist, the acting director of quality assurance/risk management, the acting training director, the mental retardation regional program representative, the safety manager, fire safety marshal and information technology generalist. We also interviewed the medical records director, director of clinical services, and the nurse manager, the administrative assistant, the purchasing agent, the assistant superintendent of administrative services.

¹⁵ Memorandum of Understanding between Commonwealth of Pennsylvania and OPEIU Healthcare Pennsylvania, Local 112, July 1, 2007, to June 30, 2011;
Agreement between Commonwealth of Pennsylvania and The Service Employees International District 1199P, CTW, CLC, July 1, 2007, to June 30, 2011;
Agreement between Commonwealth of Pennsylvania and Local 668 SEIU Pennsylvania Social Services Union, 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, July 1, 2007, to June 30, 2011;
Agreement between Commonwealth of Pennsylvania and the Pennsylvania State System of Higher Education and Pennsylvania Doctors Alliance, July 1, 2005, to June 30, 2009.

¹⁶ Commonwealth of Pennsylvania, Governor's Office, Management Directive 525.15, "Overtime," effective February 10, 1997;
Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Policy and Procedure Manual, Human Resource Policy Nr. 16, "Mandatory Overtime Guidelines," effective October 24, 1989.

¹⁷ Commonwealth of Pennsylvania, Department of General Services, Field Procurement Handbook, M215.3, Revision No. 4, effective April 17, 2003;
Commonwealth of Pennsylvania, Office of the Budget, Bureau of Financial Management, M310.1, "Agency Operated Advancement Accounts," effective August 11, 1999;
Commonwealth of Pennsylvania, Governor's Office, Management Directive 310.23, "Commonwealth Purchasing Card Program," effective August 11, 2006;
Commonwealth of Pennsylvania, Department of Public Welfare, Administrative Manual, Section 7031, "Procurement Methods," Section 7031.7, "Advancement Accounts – Uses and Restrictions," effective August 20, 2000;
Commonwealth of Pennsylvania, Department of Public Welfare, VISA Purchasing Card Manual, revised January 6, 2006.

¹⁸ Commonwealth of Pennsylvania, Governor's Office, Management Directive 525.16, "Physicians and Related Occupations Quality Assurance Program," effective February 14, 2006;
Commonwealth of Pennsylvania, Governor's Office, Management Directive 535.2, "Physicians and Related Occupations Specialty Board Certification Payments," effective February 21, 2006;
Commonwealth of Pennsylvania, Department of Public Welfare, Human Resources Bulletin Nr. 04-03, "Modifications to the Quality Assurance Program Provision of the Pennsylvania Doctors Alliance Collective Bargaining Agreement and Memorandum of Understanding," issued July 29, 2004.

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To assess the adequacy of controls over the purchasing processes, we reviewed the automated accounting (SAP R/3) roles assigned to determine if segregation of duties existed, randomly selected and tested 32 of 1,744 purchase orders completed during the period from July 1, 2007, to June 30, 2008. We also randomly selected and tested 32 of 517 advancement account transactions and 33 of 3,060 purchasing card transactions completed during the period from July 1, 2007, to June 30, 2008.

To determine if the significant expenses were appropriate, we reviewed supporting documentation for the expenditure summaries extracted from the business warehouse module of the accounting system. We randomly selected and tested 12 transaction categories totaling 33 transactions valued at approximately \$40,000 during the fiscal year ending June 30, 2007. We also randomly selected and tested 14 transaction categories totaling 69 transactions and approximately \$120,000 during the fiscal year ending June 30, 2008.

To assess the adequacy of controls over travel expenses, we randomly selected and tested 40 travel expense transactions from July 1, 2006, to June 30, 2008, 47 travel expense transactions of the former acting director, and 39 travel expense transactions of the new staff development specialist.

To determine if Polk Center had adequate control over overtime expenditures, we reviewed all the overtime expenditures for July 1, 2008, through December 31, 2008.

To assess the adequacy of qualifications of the direct care staff including training and criminal history clearances, we reviewed Polk Center's 2007-2008 annual training plan, and we randomly selected and tested 30 of 150 direct care staff who were hired or reassigned between July 1, 2006, and September 3, 2008. We reviewed these records for the criminal history clearances and new hire orientation training. To determine if staff received the required supplemental procedures training, we also reviewed training records for the 80 direct care staff assigned to the 29 selected clients. We also randomly selected and tested records of 24 of 120 professionally licensed employees to ensure that all have current licenses and that they received annual mandated training.

To evaluate the efforts to respond to employee complaints and suggestions we obtained and analyzed internal hotline records from March 2004 to December 2008, and the Department of Public Welfare hotline records from September 2007 to December 2008.

To determine the propriety of the use of bonuses and other pay incentives for employees, we reviewed the detailed employee complement reports for three years ending

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November 30, 2008, as well as all the bonuses and other incentive payments made during the fiscal years ended June 30, 2005, 2006, 2007, and 2008.

To assess the effectiveness of Polk Center's management of elopement incidents, as well as compliance with Department of Public Welfare and center policies and procedures regarding unauthorized absences, we reviewed the incident reports and supporting documentation for all 19 unauthorized absences that occurred from July 1, 2006, to October 27, 2008.

To assess the completeness of Polk Center's emergency/evacuation plan and fire evacuation procedures, we reviewed all fire drill and evacuation reports from June 2007 to September 2008, in conjunction with the July 2008 emergency operations plan.

To determine if Medicare Part B revenues were maximized, we reviewed the Medicare billing forms and medical records for 36 of 307 Medicare Part B eligible clients for the months of May, June, and July 2008.

To assess the management controls over fixed asset inventory, we selected and tested 32 of 185 fixed asset items from the January 2009 inventory report.

The scope of the audit covered the period July 1, 2006, to February 13, 2009, unless indicated otherwise in the individual report topic areas.

Audit Results

Audit Results

Expense Management

Procurement. Payments for purchases can be made in one of three methods:

- By checking account using the Department of Public Welfare's advancement account.
- By credit card using the Commonwealth purchasing card.
- By electronic transfer or treasury check through the automated accounting system (SAP R/3 Materials Management module).

Finding 1 – Adequate controls existed over the procurement.

Testing of the selected transactions from the advancement account, the purchasing card, and the SAP R/3 Materials Management module revealed that all were completed according to policies and procedures. The disbursements were accompanied by the required approvals, purchasing and receiving documents, and invoices.

Significant Expenses. Polk Center is funded through state appropriations. Operating expenditures for fiscal years ended June 30, 2007, and 2008 totaled approximately \$67.4 million and \$67.7 million, respectively. These expenditures included ordinary transactions such as salaries, utilities, office supplies, and equipment as well as transactions that were non-ordinary in nature.

Finding 2 – Non-ordinary expenditures were appropriate.

Polk Center expended approximately \$135.1 million for normal operations during the two-year audit period. A review of expenditures for that same period revealed that \$111.7 million, or 83 percent were payroll-related transactions. The Polk Center also expended \$2.3 million for utilities and \$3.5 million for housekeeping and food.

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A sample of 26 significant expense transaction categories totaling 102 transactions was selected from the remaining \$17.6 million. We considered the following categories to be significant; non-ordinary expenses, medical, dental or drug transactions, one-time vendor purchases and miscellaneous transactions. We then selected transactions that were of an unusually large or small dollar value and reviewed supporting documentation.

The review of the 102 transactions found transactions for various supplies and services that supported normal operations. These included payouts of chaplain services, food purchases, specialty bathing systems utilized by the clients, outside legal services, and staff training.

Travel Expenses. Polk Center employees are entitled to receive reimbursement for expenses incurred in the performance of their duties within certain maximum limits. These limits are not flat allowances. Employees are only reimbursed for actual amounts expended for meals, transportation, mileage, and overnight accommodations.

Finding 3 – Polk Center complied with travel expense guidelines.

Our audit of the travel expenditures revealed that Polk Center complied with applicable policies and procedures. Expenditures were accurate; reimbursements were approved properly and completed according to applicable policies. Documentation was on file to support all reviewed transactions.

Finding 4 – Polk Center incurred an additional \$10,338 in travel expenses.

In April 2007, the Department of Public Welfare management assigned an employee from eastern Pennsylvania to serve as Polk Center's acting director. The individual served in this capacity from April 23, 2007, to June 3, 2008. One of the benefits of this position is the use of a furnished home on the grounds of Polk Center. The home became vacant in June 2007. However, the former acting director chose to stay in a hotel, rather than occupy the vacant home. A review of the former acting director's travel expense vouchers submitted from July 1, 2007, to June 4, 2008, revealed \$10,338 in travel expenses relating to Polk Center.

The Department of Public Welfare has a duty to monitor expenses to ensure prudent use of its resources. Requiring the acting director to stay in Commonwealth housing would have saved the Department of Public Welfare approximately \$10,338.

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Recommendation:

1. The Department of Public Welfare should manage its resources effectively and efficiently. Management should closely monitor expenses in order to keep costs at a minimum.

Comments of Polk Center Management:

At a meeting held on February 11, 2009, management agreed with the finding. They will monitor this area more closely in the future in order to keep costs at a minimum.

Overtime. The Department of Public Welfare strives to keep overtime to a minimum and agency heads are required to control the use of overtime compensation strictly to prevent increasing expenditures.

Finding 5 – Polk Center controlled overtime expenses.

A review of the overtime expenditures found that overtime increased from July to August and then decreased for the months of September, October, and November. Overtime increased again from November to December. Discussions with Polk Center management found that overtime increased from July to August due to summer vacations scheduled. They also stated that overtime increased from November to December due to holidays, illnesses, and vacations. Management is in the process of implementing new scheduling procedures in an attempt to control and reduce overtime. We will continue to monitor this area in future audits.

Audit Results

Personnel Management

Direct Care Staff Qualifications. Polk Center, through the Department of Public Welfare, is responsible for providing all employees with initial orientation and continuing education and training programs that focus on skills and competencies directed toward the safety and care of the clients as well as the staff of the institution. Professionally licensed employees must complete continuing education programs within a certain timeframe as required by their respective licensing boards. Direct care staff provides daily direct care to the clients. Many clients possess unique physical needs that require additional care procedures.

Finding 6 – Polk Center conducted timely criminal background screenings, orientation training and professional employees possess current licenses and complied with training requirements.

We reviewed personnel and training records for 30 staff selected for testing. The review found that Polk Center conducted timely criminal background clearances and provided the appropriate new hire orientation training. We found that the 24 professional employees selected for testing maintained valid, current licenses for their positions. In addition, all 24 employees received Polk Center’s annual mandated training.

Finding 7 – Polk Center did not provide all supplemental procedures training.

Our audit of supplemental procedures training disclosed that Polk Center failed to ensure that all direct care staff received the specialized training noted on the supplemental procedures forms. We selected a sample of 29 clients and reviewed their individual program plans to determine the special needs that would require specialized training. Our audit found that 9 of the 29 clients did not have any additional special needs. We found that the remaining 20 clients had 80 direct care staff assigned to them. We selected the 80 direct care workers for testing of supplemental procedures training. The following table reflects the results of that testing.

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<u>Supplemental Procedures</u>	<u>Number of staff</u>	<u>Percentage</u>
Received all training	36	45%
Received some training	28	35%
No training	<u>16</u>	<u>20%</u>
Total	<u>80</u>	<u>100%</u>

The state operations manual regulations state:

*Staff must be able to demonstrate the skills and techniques necessary to implement the individual program plans for each client for whom they are responsible.*¹⁹

Polk Center management stated that specialized training is conducted within a few months after an individual program plan is completed. A list is inserted in the client's medical chart that details the special needs procedures, the effective beginning and ending dates, and the signature of the professional staff responsible for the procedures and the training of staff. All direct care staff assigned to the specific client must sign an instruction record sheet to document the completion of the specialized training that is also included in the client's medical record.

Direct care staff must receive supplemental procedures training to perform their duties effectively. Failure to train employees properly may jeopardize the health and safety of the clients.

Recommendation:

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

¹⁹ Commonwealth of Pennsylvania, Department of Health, State Operations Manual, Appendix J, "Guidance to Surveyors," Part II, "Interpretive Guidelines – Intermediate Care Facilities for Persons with Mental Retardation," §483.430(e)(4), "Standard: Staff training program."

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Comments of Polk Center Management:

At a meeting held on February 11, 2009, management stated that they continue to struggle with this area. Special needs training is provided by numerous departments depending on the type of need and not all departments are timely with the training. In addition, sometimes the training documents are misplaced and cannot be found.

Employee Complaints. Polk Center has over 900 employees. Approximately eighty percent of employees are classified as bargaining unit employees. There are seven different unions covering bargaining unit employees. Membership is based on the type of position held by the individual employee. Each bargaining unit agreement includes specific procedures that are to be used when handling employee complaints.

Finding 8 – Polk Center handled employee complaints timely.

Our review disclosed that complaints were processed in a timely manner. The complaints reviewed were investigated and documented according to regulations. Complaints that involve a client require an extensive investigation by a certified investigator. Complaints that do not involve a client are routed through the employee's immediate supervisor and the human resources department.

Bonuses. The Commonwealth has found that it is difficult to attract and retain employees in the medical profession. Therefore, the Commonwealth has developed certain programs, incentives and union contract stipulations in order to attract, retain, and reward medical professionals. The incentives paid to nurses and medical professionals are necessary to attract and retain quality professionals and provide enhanced continuity of care for clients. The quality assurance program provides monetary incentives, based on years of service. A physician who has one or more specialty board certifications is eligible for additional compensation. Nursing employees who obtain certification receive an annual incentive through their union contract. In addition, the union contracts had a one-time signing bonus for all active employees as of July 1, 2007.

Audit Results

Finding 9 – Polk Center calculated monetary incentives and one-time signing bonuses correctly.

We reviewed the monetary incentive payments to physicians and nurses from July 1, 2004, through June 30, 2008. All payments were accurately calculated and processed according to contract requirements.

Polk Center made \$1,250 one-time bonus payment to full-time employees and the \$625 payment to part-time employees that were on active pay status as of July 1, 2007, or who were inactive but returned to active status prior to December 31, 2007. A review of payroll data disclosed these payments were processed accurately.

There was no evidence of any other bonus or incentive payments made.

Client Management

Eloperments and Unauthorized Absences. The Department of Public Welfare's incident management policy establishes processes to ensure the health and safety, enhance the dignity, and protect the rights of individuals receiving support and services. The processes include uniform practices for the following:

- Building organizational policies and structures to support incident management.
- Taking timely and appropriate action in response to incidents.
- Reporting incidents.
- Investigating incidents.
- Taking corrective action in response to incidents.
- Implementing quality improvement, risk management, and incident management processes for the analysis and interpretation of individual and aggregate incident data.²⁰

²⁰ Commonwealth of Pennsylvania, Department of Public Welfare, Mental Retardation Bulletin Nr. 6000-04-01, "Incident Management," effective February 28, 2004.

Audit Results

Finding 10 – Polk Center managed unauthorized absences effectively.

Polk Center staff initiated searches immediately when a client was identified as absent. Incidence reports were completed for all 19 of the reviewed elopements. Each incident was reported to the Department of Public Welfare within the required period and follow-up was completed when necessary.

Finding 11 – Polk Center incident management policy did not require formal investigation of a missing person incident.

Department of Public Welfare policy requires all providers of mental retardation services and support to ensure the health, safety, and rights of the persons receiving the support and services. Each entity is required to report certain incidents, collect information about those incidents, and take action based on those reports. The policy further states that the primary goal of an incident management system is to ensure that when an incident occurs, the response will be adequate to protect the health, safety, and rights of the individual.²¹ Department of Public Welfare policy states:

(a) The following are categories of incidents to be reported within 24 hours after the occurrence of the incident:

*(11) **Missing person.** A person is considered missing when they are out of contact with staff for more than 24 hours without prior arrangement or if they are in immediate jeopardy when missing for any period of time. A person may be considered in “immediate jeopardy” based on the person’s personal history and may be considered “missing” before 24 hours elapse. Additionally, it is considered a reportable incident whenever the police are contacted about an individual or the police independently find and return the individual, or both, regardless of the amount of time the person was missing.*²²

However, the policy does not require a missing person case to be formally investigated. In order to protect the health and safety of an individual adequately, a missing person incident

²¹Commonwealth of Pennsylvania, Department of Public Welfare, Mental Retardation Bulletin Nr. 6000-04-01, “Incident Management,” effective February 28, 2004.

²² Commonwealth of Pennsylvania, Department of Public Welfare, Mental Retardation Bulletin Nr. 6000-04-01, “Incident Management,” §6000.92, “Incidents to be reported within 24 hours,” effective February 28, 2004.

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must be investigated to determine what happened and to prevent the incident from occurring in the future.

Recommendation:

3. Polk Center management should revise incident management policy to include a requirement that each missing person incident is formally investigated.

Comments of Polk Center Management:

At a meeting held on February 11, 2009, management stated that the Department of Public Welfare is in the process of updating the bulletin regarding incident management.

Finding 12 – Polk Center did not implement a tracking system to document incidents.

We reviewed the September 22, 2006, Department of Health survey, which reported the following deficiency:

Based on the review of the facility's incident reports, staff interviews and records reviews, the Governing Body failed to provide policies and operating direction to ensure that all serious incidents were immediately addressed, thoroughly investigated and all necessary services were incorporated and monitored to meet the needs of the individuals.²³

Polk Center responded to this deficiency with the following plan of correction:

(483.410) (a) (1)

For all serious incidents, all circumstances including level of supervision, history, diagnoses and potential for risk or harm to self or others will be considered by the Facility Director (or designee), Acting Director of Program Services (or designee), Health Services Director (or designee) and Director of Quality Assurance/Risk Management (or designee) when determining the need for a Certified Investigation. If there is any question regarding the need for an investigation, the Unit Manager will be asked to provide additional information as needed before it is determined if an

²³ Commonwealth of Pennsylvania, Department of Health, Division of Intermediate Care Facilities, "Health Inspection Survey," dated September 22, 2006.

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*investigation is needed. A tracking system will be developed to document the date, name a brief description of the event and rationale when an investigation is not conducted.*²⁴

The Department of Health approved the plan of correction on October 19, 2006, with a completion date of January 1, 2007. We requested a copy of the tracking system and found that the system did not exist. Polk Center management stated that the tracking system was used for only one year. Therefore, Polk Center did not comply with their plan of correction.

We found that 18 incidents occurred after this survey and 7, or 39 percent, of the incidents were originally classified as a missing person incident but were later downgraded to a different category. The incident documentation did not include the reason for the downgrade.

Recommendation:

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

Comments of Polk Center Management:

At a meeting held on February 11, 2009, management agreed with the finding and stated that they will examine this area further.

Emergency Plans. The Department of Public Welfare is a large service-delivery agency charged with providing financial and human services to Pennsylvania's most vulnerable citizens. Emergency operations and continuity of operations planning is an effort to ensure delivery of critical services and continued operations of essential functions in the event of a natural disaster or other emergency.

Polk Center is required to protect personnel, persons under Polk Center's care and state property from hazardous situations. Polk Center policy is to establish, revise, and maintain an emergency operations plan to be used during emergencies.

²⁴ Polk Center's plan of correction/reply to Pennsylvania Department of Health survey, dated October 19, 2006.

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Finding 13 – Polk Center addressed the fire drills deficiency.

The September 28, 2007, Department of Health survey cited Polk Center for failing to ensure that evacuation drills were conducted under varied conditions. The survey determined that Polk Center did not ensure that drills were conducted under varied conditions such as a variance in days, times and shifts. We reviewed fire evacuation reports for the five client units and found that drills were conducted on different days and were staggered over all three shifts.

Finding 14 – Polk Center emergency operations plan did not address all scenarios.

Polk Center's emergency operations plan defines an emergency as a condition under which normal operations of the facility are threatened or cannot be maintained and where the health, safety, or security of individuals is threatened. The plan states that one or more circumstances may constitute an emergency such as work force shortage, civil disturbances, fire or explosion, disease of epidemic proportions, loss of utilities, inclement weather, or national emergencies. The plan details the specific responsibilities of all employees and addresses the clients' basic needs in the event of an emergency. However, the plan does not address a natural disaster emergency such as a hurricane or a tornado. It also does not indicate the location of a temporary safe haven for clients in the event of an approaching tornado or hurricane. Documented procedures for all types of emergencies are required to ensure that the health, safety, and security of all individuals are maintained.

Recommendation:

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

Comments of Polk Center Management:

At a meeting held on February 11, 2009, management agreed with the finding and stated that they will revise their policy to address all scenarios including the location of a temporary safe haven for clients in the event of a tornado or hurricane.

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Revenue Management

Polk Center clients who receive Railroad Retirement, Social Security, or similar retirement payments may be eligible to participate in the Medicare Part B insurance program. For each eligible client, Polk Center can seek reimbursement for certain medical or psychiatric procedures performed by the professional medical staff. These procedures are recorded in the client's medical file and on an "encounter form," which is forwarded to the reimbursement office for billing.

Finding 15 – Polk Center did not maximize Medicare Part B revenue.

A review of medical records disclosed eligible Medicare Part B procedures that were not billed to Medicare. A review of 36 clients' medical records disclosed that seven files contained eight eligible procedures totaling \$372 that were not billed. As a result, Polk Center is not maximizing Medicare Part B Revenue.

At the beginning of the month, medical records staff includes encounter forms in each Medicare eligible client's chart. The physicians complete the encounter forms detailing the Medicare Part B eligible procedures for each client. At the end of each month, medical records staff collect all encounter forms and assign the applicable Medicare code to each procedure. The medical records director verifies that eligible procedures are supported in the client's medical file, and then sends the completed encounter forms to the Department of Public Welfare's reimbursement operations in Harrisburg.

Discussions with management disclosed that procedures were sometimes missed due to the physicians' illegible handwriting. Polk Center billed Medicare for the eight procedures once this issue was brought to their attention.

Recommendation:

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

Comments of Polk Center Management:

At a meeting held on February 11, 2009, management agreed with the finding and stated that they are attempting to address this issue to ensure that all eligible procedures are billed.

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Fixed Asset Management

The Department of Public Welfare defines fixed assets as items that are tangible in nature with a value of more than \$5,000 and an estimated useful life extending beyond one year. In addition, equipment items with a listed value of less than \$5,000 are maintained on the list. Computer-related items are also maintained on a separate listing. Significant value fixed assets includes all land regardless of cost, machinery and equipment with a value of more than \$15,000, and buildings and improvements with a value in excess of \$25,000. Polk Center management is responsible for the physical control, recording, safeguarding, and reporting of fixed assets and equipment. The Department of Public Welfare has established policies and procedures to assist institutional management in meeting those responsibilities.

Finding 16 – Weaknesses existed in the fixed asset inventory control.

Our audit of fixed assets disclosed the following weaknesses:

- We could not locate one asset valued at \$9,750.
- We originally could not locate four assets valued at \$39,290. The four assets were located in a different area than was documented on the inventory listing.
- We determined that 15 of the 32 assets, totaling \$365,839, did not have fixed asset inventory identification tags.
- We found two assets valued at \$122,870 on the inventory listing were surplus or discarded.
- The fixed assets detailed list was not accurate. It did not include fixed asset tag identification numbers for all assets. In addition, there were numerous items acquired in the 1960's and 70's that remain on the list even though they were no longer at Polk Center. These items include four train cars, a potato harvester, several washing machines, and an audiometric for an exam room.

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Polk Center policy states:

The warehouse staff will be responsible for marking capital equipment with Polk numbers. Numbers will be placed in standard locations using labels and/or engraving marks as appropriate.²⁵

The policy further states:

No capital equipment will be moved from departments/area/units without the concurrence of the Property Control Officer. An A-24 form will be prepared and submitted to the Property Control Officer for all moves such as trade-in, transfer in or out of unit or facility, surplus, cast, etc. After the movement is made, the form will be sent to the Accounting Office for computer update.²⁶

Discussions with Polk Center management revealed that, most of the time, the “Request for Transfer or Disposition of Unserviceable or Surplus Property” (Form A-24) is not used when equipment is transferred to another location, surplus or discarded. Management also stated that if the Form A-24 is used, it is submitted with pertinent information missing.

Management controls are necessary to ensure resources are safeguarded adequately, accounted for, and efficiently used. The disregard for controls increases the potential likelihood that errors or fraud may occur and not be detected. In addition, inventory items are highly marketable and could invite pilferage or abuse without proper controls.

²⁵ Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Administrative Policy and Procedure Manual, General Administrative Policy Nr. 28, “Fixed Asset Inventory and Accountability Policy,” Section III, Procedure Nr. 7, effective November 7, 2005.

²⁶ Commonwealth of Pennsylvania, Department of Public Welfare, Polk Center, Administrative Policy and Procedure Manual, General Administrative Policy Nr. 28, “Fixed Asset Inventory and Accountability Policy,” Section III, Procedure Nr. 5, effective November 7, 2005.

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Recommendation:

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

Comments of Polk Center Management:

At a meeting held on February 11, 2009, management stated that they are in the process of revising and updating the fixed assets list. They will also enforce inventory and documentation procedures in order to have a more accurate listing of usable items.

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