



Performance Audit

Warren State Hospital

**Commonwealth of Pennsylvania
Department of Public Welfare**

November 2012

November 26, 2012

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

Dear Governor Corbett:

The report contains the results of a performance audit of the Warren State Hospital of the Department of Public Welfare from July 1, 2008, to February 2, 2012. The audit was conducted under authority provided in Section 402 of The Fiscal Code and in accordance with generally accepted government auditing standards.

The report details the audit objectives, scope, methodology, findings, and recommendations. The report notes that Warren properly procured and monitored those contracts we selected for review. The report also notes that Warren implemented adequate management controls over the funds maintained by the Guardian Office. Finally, the report contains the results of the procedures we performed to determine the status of implementation of our prior audit recommendations. Those recommendations addressed elopement procedures, the maintenance work order system, Medicare Part B billing, and new hire orientation.

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

Sincerely,

JACK WAGNER
Auditor General

Warren State Hospital
Department of Public Welfare

Table of
Contents

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

**Table of
Contents**

Background Information..... 1

Audit Objectives..... 6

Audit Results.....7

**Finding 1 – Warren State Hospital properly procured and monitored
 selected service contracts.....9**

**Finding 2 – Warren State Hospital implemented adequate
 management controls over Guardian Office operations.13**

Status of Prior Audits..... 15

Audit Report Distribution List..... 22

Warren State Hospital
Department of Public Welfare

Background
Information

Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012

**Background
Information**

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

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

*History, mission,
and operating
statistics*

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

The Office oversees behavioral health services provided to adults as well as to children and adolescents. The current goals of the Office of Mental Health and Substance Abuse Services are to:

- Transform the children’s behavioral health system to a system that is family driven and youth guided.
- Implement services and policies to support recovery and resiliency in the adult behavioral system.
- Assure that behavioral health services and supports recognize and accommodate the unique needs of older adults.²

The Office has developed guiding principles that facilitate recovery for adults and resiliency for children, and that are responsive to individuals’ unique strengths and needs throughout their lives among other principles.³ In addition, the Department of Public Welfare operates six state psychiatric hospitals⁴ for persons with serious mental illness, which

¹ Pennsylvania Department of Public Welfare, Office of Mental Health and Substance Abuse Services, <http://www.dpw.state.pa.us/dpworganization/officeofmentalhealthandsubstanceabuseservices/index.htm>, viewed on December 8, 2011; verified June 6, 2012.

² Ibid.

³ Ibid.

**Warren State Hospital
Department of Public Welfare**

**Background
Information**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

provide special intensive treatment services for patients needing extended psychiatric inpatient services. Admission of persons committed under the Mental Health Procedures Act is made through County Mental Health/Mental Retardation program after short-term treatment has been provided in the community. The Department of Public Welfare also operates a nursing home to provide long-term care for older people who no longer require psychiatric services but who need nursing care.⁵

Bureau of Community and Hospital Operations

The Office's Bureau of Community and Hospital Operations is responsible for implementing and monitoring the community-based services and the unified service system initiative through collaboration with the county administrative offices. The Bureau is also responsible for overseeing and directing the effective and efficient management of the six state-owned and operated mental health hospitals, including Warren State Hospital, and the South Mountain Restoration Center. Two of the hospitals, Torrance and Norristown, also operate maximum-security forensic units for persons with serious mental illness who are charged with or convicted of criminal offenses. Torrance State Hospital also operates the Sexual Responsibility Treatment Program.⁶

County Mental Health System

Community mental health services are administered through county Mental Health/Mental Retardation (MH/MR) program offices. As stated earlier, these offices handle the admission of persons admitted to psychiatric hospitals such as Warren State Hospital. These program offices are part of county government and are overseen by a county MH/MR administrator. The county MH/MR offices serve as a referral source. Most actual mental health services are delivered to local provider agencies under contract with the county MH/MR office. The county MH/MR office determines a person's eligibility for service funding,

⁴<http://dpw.state.pa.us/dpworganization/officeofmentalhealthandsubstanceabuseservices/deputysecretaryformentalhealthandservices/index.htm>, viewed on June 6, 2012.

⁵Ibid.

⁶<http://www.dpw.state.pa.us/dpworganization/officeofmentalhealthandsubstanceabuseservices/bureauofcommunityandhospitaloperations/index.htm>, viewed on June 6, 2012.

**Warren State Hospital
Department of Public Welfare**

**Background
Information**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

assesses the need for treatment or other services, and makes referrals to appropriate programs to fit treatment and/or other service needs.⁷

The Mental Health and Mental Retardation Act of 1966, as amended, requires the county MH/MR office to provide community mental health services, including short-term inpatient treatment, partial hospitalization, outpatient care, emergency services, specialized rehabilitation training, vocational rehabilitation, and residential arrangements. MH/MR offices can also provide information about any additional mental health services the county offers.⁸

There is a wide variety of mental health services available to children and adults. The cost of these services will vary depending upon the type of service. Pennsylvania's Medical Assistance Program, either through a managed care organization or the traditional fee-for-service system, pays for many of these services, when rendered to eligible individuals. People who use these services, but are not on Medical Assistance and are without access to other insurance, will be assessed for their ability to pay for services by the county MH/MR office.⁹

The Commonwealth's 67 counties are divided into 45 single or multi-county service units. A single entry point for services has been established by regulations in each service area. Community mental health services are administered through county Mental Health/Mental Retardation program offices.

Warren State Hospital

Warren State Hospital is located in North Warren, Warren County, approximately 50 miles southeast of Erie. It originally opened in 1880 with the name State Hospital for the Insane at Warren, PA. In 1920, the name was changed to Warren State Hospital.¹⁰

Warren State Hospital offers a wide variety of treatment, rehabilitation and educational programs to patients in the general population and special

⁷ http://www.dpw.state.pa.us/provider/mentalhealth/countymentalhealth_system/index.htm, viewed June 6, 2012.

⁸ Ibid.

⁹ Ibid.

¹⁰ <http://www.dpw.state.pa.us/foradults/statehospitals/warrenstatehospital/index.htm>, viewed on December 8, 2011.

**Warren State Hospital
Department of Public Welfare**

**Background
Information**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

care treatment areas. Individual programs and services are designed to meet identified needs and to directly contribute to fulfilling Warren State Hospital's mission and broad goals of providing all individuals with the highest quality programs, services that promote recovery, and return to community living as quickly as possible.¹¹

Warren State Hospital operated a Forensic Unit until it was closed and consolidated with the Forensic Unit at Torrance State Hospital in October 2010.

For the fiscal year ended June 30, 2011, Warren State Hospital had a capacity of 190 beds. All beds were certified for participation in the federally funded Medicare and Medical Assistance programs. Eligibility for these programs is determined by federally regulated inspections conducted by surveyors from the federal Health Care Financing Administration. The Joint Commission of Accreditation of Healthcare Organizations certified Warren State Hospital as meeting the accreditation requirements for its psychiatric treatment programs.¹²

¹¹ Ibid.

¹² <http://www.dpw.state.pa.us/dpworganization/officeofmentalhealthandsubstanceabuseservices/bureauofcommunityandhospitaloperations/index.htm>, viewed December 8, 2011.

**Warren State Hospital
Department of Public Welfare**

**Background
Information**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

The following schedule presents select unaudited Warren State Hospital operating statistics compiled by the Department of Public Welfare for the fiscal years ending June 30, 2009, 2010, and 2011:

	2009	2010	2011
Operating expenditures¹³			
State	\$42,646,122	\$41,678,483	\$40,704,164
Federal	<u>1,223,338</u>	<u>0</u>	<u>0</u>
Total operating expenditures	<u>\$43,869,460</u>	<u>\$41,678,483</u>	<u>\$40,704,164</u>
Employee complement positions at year-end	515	514	469
Average daily patient population ¹⁴	191	186	167
Bed capacity at year-end ¹⁵	250	250	190
Actual patient days of care ¹⁶	69,556	67,940	60,779
Available patient days of care	91,250	91,250	82,175
Percentage of utilization (based on patient days of care)	76.2%	74.5%	74.0%
Average patient cost per day ¹⁷	\$631	\$613	\$670
Average patient cost per year ¹⁸	\$230,315	\$223,745	\$244,550

¹³ Operating expenditures were recorded net of fixed assets, an amount that would normally be recovered as part of depreciation. In addition, regional level direct and indirect costs were not allocated to the totals reported here.

¹⁴ Average daily patient population was calculated by dividing the actual patient days of care for the year by number of calendar days in the year.

¹⁵ Bed capacity was 250 from July 1, 2010 to October 31, 2010; 223 from November 1, 2010 to April 14, 2010; 190 from April 15, 2011 to June 30, 2011.

¹⁶ Actual patient days of care include general population and forensic unit (forensic unit closed n October 2010).

¹⁷ Average cost per patient day was calculated by dividing the total operating expenditures by the actual patient days of care. The amount is rounded to the nearest whole dollar.

¹⁸ Annual average cost per patient was calculated by multiplying the average daily cost per patient by the number of calendar days in the year. The amount is rounded to the nearest whole dollar.

**Warren State Hospital
Department of Public Welfare**

**Objectives, Scope,
and Methodology**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

**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 Warren State Hospital had two objectives. We selected the audit objectives from the following areas: the Guardian Office and contracts. The specific audit objectives were as follows:

- One To assess management controls governing contract selection, contract bidding and contract monitoring. (Finding 1)
- Two To assess the adequacy of management controls over Warren State Hospital's guardian office operations. (Finding 2)

The scope of the audit includes the period of July 1, 2008, to February 2, 2012, 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 facility management and staff as well as Department of Public Welfare management. The audit results section of this report contains the specific inquiries, observations, tests, and analyses conducted for each audit objective.

We also performed inquiries and tests as part of, or in conjunction with, our current audit to determine the status of the implementation of the recommendations made during our prior audit. Those recommendations addressed elopement procedures, the maintenance work order system, Medicare Part B billing, and new hire orientation.

**Warren State Hospital
Department of Public Welfare**

Audit Results

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

Audit Results

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

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

Warren State Hospital
Department of Public Welfare

Audit Results
Contracts

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

**Audit Results
for
Objective
One**

Contracts

The objective

Objective one for our performance audit was to assess management controls governing contract selection, contract bidding and contract monitoring.

Relevant policies

The Commonwealth of Pennsylvania enters into contracts with various vendors to provide a variety of goods and services. The Commonwealth of Pennsylvania has a procurement manual that established policies and procedures for the proper procurement of contracts for goods and services.¹⁹

The Commonwealth’s Department of General Services contracts for many goods and services on behalf of all Commonwealth agencies. This type of contract is referred to as a statewide requirements contract and all Commonwealth agencies are required to purchase goods and services through the vendor who holds the statewide contract.²⁰ The intent of the statewide contract is to save individual facilities time soliciting and awarding bids for numerous items. It is also intended to save facilities money as a statewide contract is to provide more advantageous pricing terms due to the volume of items purchased by all facilities. Warren’s management is responsible for ensuring that adequate services are provided and expenditures incurred are in accordance with contract terms. Warren State Hospital has established policies and procedures for the procurement and monitoring of contracted services.²¹

¹⁹ http://www.portal.state.pa.us/portal/server.pt/community/procurement_handbook/14304. This manual undergoes continuous updates. View date December 23, 2011.

²⁰ http://www.votespa.com/portal/server.pt/community/procurement_handbook/14304, Part I Chapter 09, “Statewide Requirements Contracts.” Version: May 2011.

²¹ Warren State Hospital Procedure Manual, No. 2670, “Procurement Bulletin No. 2670 Purchase of Service,” revised January 20, 2010; Warren State Hospital Procedure Manual, No. 2600, “Procurement Bulletin No. 2600 Monitoring of Service Purchase Contracts (SPC),” revised April 19, 2010.

**Warren State Hospital
Department of Public Welfare**

**Audit Results
Contracts**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

Methodologies to meet our objective

We reviewed the applicable Commonwealth and Warren procurement policies and procedures.

We interviewed the chief financial officer to obtain an understanding of the procurement process for selected contracts

Using professional judgment, we selected seven contracts from a list of contracts in effect from July 1, 2008, to May 17, 2011 and we reviewed the procurement and monitoring process for the selected contracts.

Finding 1

Warren State Hospital properly procured and monitored selected services contracts.

We selected seven contracts for which Warren procured goods and/or services for the following: elevator refurbishment and repair, a new telephone system, non-perishable food, maintenance supplies, office supplies, saw-dust delivery, and a medical services contract for a medical records director, psychologists, and a physical therapist.

One of the contracts we selected was for an elevator refurbishment construction project costing \$209,179. The project was procured on behalf of Warren State Hospital by the Department of Public Welfare using a competitive bid process. We determined that the Department of Public Welfare properly solicited bids and awarded the contract to the lowest bidder. We reviewed the three invoices associated with this contract and verified that the invoices agreed with the bid proposal and purchase order. Also, we verified that Warren's maintenance department monitored and documented the completion of the project.

Another contract that we selected was a sole source contract for a new telephone system costing \$308,683. This contract was procured by the Department of General Services. We reviewed the only invoice associated with this contract and verified that the invoice terms agreed with the purchase order.

**Warren State Hospital
Department of Public Welfare****Audit Results
Contracts**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

Of the seven contracts that we selected for review, only one contract was solicited and awarded by Warren State Hospital. It was for a minor elevator repair costing \$6,343. We determined that Warren properly solicited three bids and awarded the contract to the lowest bidder. We reviewed the only invoice associated with this contract and verified that the terms and conditions of the invoice matched the bid proposal and purchase order. Also, we verified that Warren's maintenance department monitored and documented the completion of the project.

Four of the seven contracts that we selected for review were statewide requirements contracts that were procured by the Department of General Services. These four contracts were for non-perishable foods, maintenance supplies, medical services, and saw dust deliveries to fuel the hospital's wood fired boiler. We found that Warren properly monitored the four contracts reviewed. Our review of the contract documentation consisted of the following:

Non-perishable foods. We tested 24 of 119 invoices from July 1, 2008, to March 17, 2011, that totaled \$65,227. All selected invoices were properly approved and traced to associated receipts and purchase orders.

Maintenance supplies. We tested 22 of 108 invoices from July 1, 2008, to May 17, 2011, that totaled \$19,878. All selected invoices were properly approved and traced to associated receipts and purchase orders.

Medical services. We tested invoices for three types of medical services. The details of our testing are as follows:

Medical Records Director – We examined 27 invoices from January 5, 2011, to July 18, 2011 totaling \$39,002. We determined that all invoices were properly reviewed and approved by the quality assurance risk management director, and we verified that the total number of hours worked and rates listed on the invoice agreed with time sheets and the hourly rate as stated on the purchase order.

Psychologist – We examined all 75 invoices from April 17, 2009, to November 23, 2010, that totaled \$198,324 in expenditures. All invoices were properly approved, and were supported by contracted employee time

**Warren State Hospital
Department of Public Welfare**

**Audit Results
Contracts**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

sheets. Also, the hourly rates as stated on the invoice matched the rates on the purchase orders.

Physical Therapist – We examined all 82 invoices from April 9, 2009, to January 24, 2011, that totaled \$63,769 in expenditures. All invoices were properly approved, and supported by contracted employee time sheets. Also, the hourly rates as stated on the invoices agreed with the rates on the purchase orders.

Saw dust delivery. We examined 20 invoices from October 7, 2010, to March 10, 2011 that totaled \$155,125 in expenditures. We determined that all invoices were properly reviewed and approved. We also verified that the total charges on the invoices agreed with the associated delivery receipts, and that the rate charged per cubic yard of saw dust agreed with the amount stated on the purchase order.

**Warren State Hospital
Department of Public Welfare**

**Audit Results
Guardian Office**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

**Audit Results
for
Objective
Two**

The objective

Objective two for our performance audit was to assess the adequacy of management controls over guardian office operations.

Guardian Office

Relevant policies

The State Institutional Guardian Office was officially created on June 30, 1978. Each mental health hospital and state center for the mentally retarded is required to have an independent Guardian Office with the authority to implement and administer a system of money management and to exercise advocacy responsibilities with regard to client funds.²²

According to the Guardian Office Manual, each hospital, state center, and South Mountain Restoration Center has a Guardian Office to serve as representative payee and/or legal fiscal guardian for incapacitated clients and to assist competent clients (with their consent) to manage their funds. The Guardian Office is appointed guardian of the estate by the courts upon petition by the Department of Public Welfare but only when other alternatives cannot be found among family members or friends. The Guardian Office manages the financial affairs of clients in their best interests, acts as fiscal advocate on behalf of the clients and protects the rights of the clients in fiscal matters.²³

Methodologies to meet our objective

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

We interviewed the guardian officer and Guardian Office's western area manager.

²² Commonwealth of Pennsylvania, Department of Public Welfare, Guardian Office Manual.

²³ Ibid.

**Warren State Hospital
Department of Public Welfare**

**Audit Results
Guardian Office**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

We reviewed the Guardian Office's monthly financial reports for June 30, 2009, June 30, 2010, and June 30, 2011.

We reviewed relevant management controls established by Warren including the Guardian Office bank reconciliations for June 30, 2009, June 30, 2010, and June 30, 2011, and reviewed the timeliness of preparation of the 35 bank reconciliations completed by the guardian officer from July 2008 to May 2011.

We reviewed documentation for 47 of 2,994 disbursement transactions that occurred from July 1, 2008, and May 31, 2011.

We reviewed documentation for 36 of 3,595 deposit transactions that occurred from July 1, 2008, to May 31, 2011.

We examined 20 patient account statements from June 2011, and selected one receipt and one disbursement from each patient and reviewed the supporting documentation.

We performed an unannounced count of the Guardian Office's petty cash account.

Finding 2

Warren State Hospital implemented adequate management controls over Guardian Office operations.

Our review of Guardian Office operations found that Warren implemented adequate management controls by ensuring compliance with Department of Corrections' policies and procedures pertaining to deposits, disbursements, bank account reconciliations and petty cash funds.

Deposits. Our audit of the selected Guardian Office deposits found that the deposits were made in accordance with established policies and procedures. Receipts were issued by Guardian Office staff for all funds received on behalf of the patients, and deposits were made in a timely manner. Also, the deposits were properly recorded in the applicable patients' account.

Warren State Hospital
Department of Public Welfare

Audit Results
Guardian Office

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

Disbursements. Our audit of selected disbursements found that the disbursements were made in accordance with established policies and procedures. All disbursements were approved by the Guardian Officer and recorded in a timely manner. Also, all transactions were supported by appropriate documentation.

Accounting Records. We evaluated the accuracy of accounting records by performing a petty cash count and by examining Warren management's reconciliation of accounting records with the bank account balances. Our unannounced petty cash count found that the proper amount of cash was on-hand and no errors were detected. Bank reconciliations were prepared timely, accurately, and in compliance with established policies and procedures. Cash disbursement and deposit duties were segregated and rotated periodically among available staff.

**Warren State Hospital
Department of Public Welfare****Status of
Prior Audits**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

**Status of
Prior Audits**

Our prior audit report of Warren State Hospital covered the period of July 1, 2005, to April 18, 2008, and contained eleven findings. Seven of the findings (Findings 1, 2, 4, 5, 6, 8, and 10) were positive and thus had no recommendations. The status of the remaining findings (Finding 3, 7, 9 and 11) and accompanying recommendations are presented below.

Scope and Methodologies of our audit work

To determine the status of the implementation of the recommendations made during the prior audit, we held discussions with appropriate institution personnel and performed tests as part of, or in conjunction with, the current audit.

Prior Finding 3 Warren did not adequately comply with absence without leave policies. (Partially resolved)

Our prior audit reported that Warren staff did not properly follow and/or document all procedures conducted during an absence without authorized leave (AWOL) incident. According to Warren State Hospital policy and procedure manual, an AWOL is defined as any patient determined to be off hospital grounds; off-grounds without authorization; any patient that does not return to living area from grounds privileges at curfew or fails to report to scheduled activities by specified time.²⁴ Our review of records documenting 23 elopements found that most patients were found on grounds in less than 30 minutes. However, we found that the majority of the incidence reports did not indicate when Warren State Hospital's administration was notified of an AWOL status and/or when a patient was considered a danger to themselves or others. Warren did not have one complete, comprehensive checklist to verify that all applicable elopement procedures were completed.

We recommended that management develop one comprehensive checklist to ensure that the required staff completes all AWOL procedures. We also recommended that each step list the date and time it was completed and

²⁴ Commonwealth of Pennsylvania, Department of Public Welfare, Warren State Hospital Policy and Procedure Manual No. 2867 – "Responsibilities and Procedures for Reporting Non-Forensic Patients' Absence Without Authorized Leave (AWOL) from Warren State Hospital.

Warren State Hospital
Department of Public Welfare

Status of
Prior Audits

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

include all details of what occurred. If a step was not necessary, the step should be marked as not applicable.

In response to our audit, the Department stated that a checklist was completed for the risk manager's use. Since each incident report does not need to include all the information that the auditor is requiring to be monitored, the risk manager will gather all the data for each AWOL incident and record that information on the checklist after each event. If any entry is not applicable or necessary, it will be indicated as such on the checklist.

Status as of this audit. Our current audit found that in April 2009, Warren State Hospital's risk manager coordinator developed a comprehensive checklist to document that staff completed required *absence without authorized leave* procedures. We reviewed the 12 *absence without authorized leave* incidents that occurred after the checklist was developed to determine if the risk manager properly completed the checklist. Our testing of the 12 incidents found that the checklist was completed for only six of 12 incidents that occurred from April 2009 to March 2011. Warren management could not provide us with a reasonable explanation as to why the checklist was not completed for the other six elopement incidents.

While Warren did implement our prior recommendation to develop a comprehensive checklist, it did not ensure that the checklist was actually completed for each elopement incident. When completed accurately, the checklist serves as a tool to ensure that the elopement incident was handled properly and the procedures performed were documented accordingly. Failure to complete any one procedure that is necessary and applicable for each incident may jeopardize the health and safety of the patients, staff or general public.

Warren management should take the necessary steps to ensure that the checklist is completed for all elopement incidents. We may review this issue again in a future audit of Warren State Hospital.

**Warren State Hospital
Department of Public Welfare**

**Status of
Prior Audits**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

Response from Warren State Hospital Management:

Warren State Hospital will work toward completion of the AWOL checklist 100% of the time.

Prior Finding 7 Warren State Hospital did not administer its work order system effectively. (partially resolved)

Our prior audit reported that testing of 37 of 730 open work orders found that Warren's management did not monitor open work orders to ensure timely completion. We found that only 3 of the 37 work orders were documented as being completed. The status of the remaining 34 open work orders could not be determined because maintenance staff did not document completion on the work orders.

We recommended that Warren's management consistently monitor open work orders to ensure timely completion.

In response to our audit, the Department stated that the maintenance staff is now required to turn in completed work orders daily for input/closure in the electronic work order system. Warren maintenance management has also established a policy of responding to all work orders within three business days. Maintenance will run a report of all open work orders weekly and they will be monitored and followed-up on by maintenance managers.

Status as of this audit. We requested and received a list of all open work orders as of May 26, 2011. We selected 77 of 751 work orders listed as open and then requested and examined the hard copy of the work orders. We found that hard copies of 34 of the 77 work orders were marked as complete but the completion date was never entered into the electronic system. Of the remaining 43 work orders; 11 were from 2009, 23 were from 2010, and 9 were from 2011. Due to the length of time that passed from the original submission of the work order to the time of our testing, we could not physically verify if the 2009 and 2010 work orders were actually completed.

**Warren State Hospital
Department of Public Welfare**

**Status of
Prior Audits**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

However, we were able to physically inspect seven of the nine open work orders from calendar year 2011 to determine if they had been completed but were not documented in the work order system as completed. The other two items were issues that could no longer be verified by a visual inspection. We found that six of the seven open work orders appeared to have been completed even though the work order database was not updated to indicate completion and a completion date was not marked on the hard copy of the work order. The remaining open work order, dated April 25, 2011, was a request to replace a clothes dryer's damaged lint filter. This work order was still not completed as of July 14, 2011.

While we cannot conclude with certainty if the work orders from 2009 and 2010 were actually completed, it appears that the majority of the open work orders from 2011 were actually completed but the completion dates were not documented in the electronic system.

When we asked Warren's maintenance manager about the lack of completion dates in the work order system, the manager stated that a shortage in clerical staff at the hospital led to the maintenance clerk typist being pulled to work in other areas of the hospital. Accordingly, clerical work at the maintenance department was backed up resulting in delays in performing the data entry for completed work orders in the electronic work order system. We note that Warren hired a new Facility Maintenance Manager 1 in May 2011 and this maintenance manager is responsible for managing the work order system.

While it appears that Warren's maintenance staff is actually completing work orders, the issue of documenting that completion in the electronic system continued. With the hiring of a new facility maintenance manager and the clerical staff working full time again, the data entry issues of the electronic work order system should be resolved. We may review this area again in future audits of Warren.

Response from Warren State Hospital Management:

Warren State Hospital will work toward 100% compliance in entering the completion of work orders. New software is being explored to assist with this process.

**Warren State Hospital
Department of Public Welfare****Status of
Prior Audits**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

Prior Finding 9 Warren did not bill for \$6,300 of Medicare Part B procedures and did not maximize Medicare Part B revenue. (Resolved)

Our prior audit reported that a review of medical records for 36 of 247 Medicare Part B eligible patients revealed 286 encounters that were recorded as counseling/treatment sessions, however, those sessions were not submitted to Medicare Part B for reimbursement. As a result, Warren lost approximately \$6,300 in revenue. When asked why this occurred, Warren management responded that the medical records clerk could not determine if the unbilled procedures met the criteria of a billable procedure because the physicians' notes were not explicitly clear as to the type of encounter.

We recommended management require physicians to document all treatment procedures clearly to ensure that all eligible Medicare Part B procedures are billed.

In response to our audit, the Department stated that Warren management met with Warren's medical staff and provided a training refresher which covered the following: re-acquaint medical staff with the Medicare abstracting procedure; review the necessary elements to be included in a progress note in order for it to qualify for a billable encounter; and provide and critique samples of encounters.

Status as of this audit. During our current audit, we tested 20 patient records and found that Warren State Hospital properly billed for 233 eligible Medicare Part B services. The documentation for the encounters reviewed was complete and legible. Also, we reviewed the Mental Health Reimbursement Reports and found Medicare Part B reimbursement increased from approximately \$160,500 in fiscal year ended June 30, 2008, to almost \$261,000 in fiscal year ended June 30, 2011. Therefore, it appears that Warren is doing a better job ensuring that physicians document all treatment procedures clearly and that all eligible Medicare Part B procedures are billed. As a result of these changes, we concluded that Warren State Hospital has implemented our prior recommendation.

Warren State Hospital
Department of Public Welfare

Status of
Prior Audits

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

**Prior Finding
11**

**Warren did not document new hire orientation adequately.
(partially resolved)**

Our prior audit reported that testing of training records for 30 newly hired employees found that Warren did not always document if the employee received the required orientation. We found two employee orientation checklists that were blank with one missing the employee's signature and an additional 12 checklists that were only partially completed with one checklist missing the employee's signature. We noted an additional checklist that was missing management signatures.

We recommended that Warren management enforce existing Department of Public Welfare policy to ensure that all new employees receive the proper orientation as required.

In response to our audit, the Department stated that, as of March 21, 2009, all supervisors are required to complete the orientation form on the first day of a new hire/transfer. The human resources staff complete their portion of the orientation form on the day of new employee processing which occurs prior to the start/transfer date. The form is now scanned and sent electronically to the employee's supervisor for completion. Human resources' staff will monitor the return of the completed form and follow-up as necessary.

Status as of this audit. Our current audit procedures found that Warren management partially implemented our prior audit recommendation. We found that orientation checklists were completed for all 42 of the new hires that we selected for review. However, orientation checklists were not completed for 14 of the 15 transferred or re-hired employees selected for review. Also, we found that the one checklist that was completed was not signed by the employee.

Warren must document all steps of the new hire orientation to confirm the newly hired/transferred employee's participation in the orientation process. Incomplete orientation training could adversely affect the well-being of hospital patients, staff, volunteers and visitors. Even if the employee was properly trained, the lack of required documentation leaves

**Warren State Hospital
Department of Public Welfare**

**Status of
Prior Audits**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

the facility unable to demonstrate that the employee actually received the training.

While it appears that Warren made improvements in ensuring that newly hired employee orientation checklists are completed, Warren did not ensure that the checklists for employees that transferred or were re-hired were completed.

Warren management should take the necessary steps to ensure that the checklists are completed for all new employees, including those employees that transfer from another correctional facility or who left employment with Warren but were subsequently re-hired by Warren. We may review this area again in a future audit of Warren State Hospital.

Response from Warren State Hospital Management:

Warren State Hospital will work toward documenting new hire orientation 100% of the time.

**Warren State Hospital
Department of Public Welfare**

**Audit Report
Distribution
List**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
November 2012*

**Audit Report
Distribution
List**

The Honorable Tom Corbett
Governor

The Honorable Robert M. McCord
State Treasurer
Pennsylvania Treasury Department

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

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

Warren State Hospital
Charlotte M. Uber
Chief Executive Officer

This report is a matter of public record and is accessible at www.auditorgen.state.pa.us or by contacting the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. Telephone: 717-787-1381.