



March 23, 2015

Ms. Celia Nah, Chief Executive Officer
Royal Home & Community Services Inc.
7270 Woodland Avenue
Philadelphia, Pennsylvania 19142

Dear Ms. Nah:

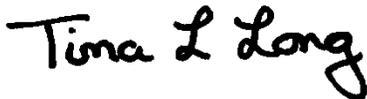
I am enclosing for your review the final audit report of Royal Home Care and Community Services, Inc. as prepared by the Division of Audit and Review (DAR). Your response has been incorporated into the final report and labeled as an Appendix. The report covers the period from July 1, 2013 to August 31, 2014.

I would like to express my appreciation for all of the courtesy extended to my staff during the course of the fieldwork. I understand that your staff was especially helpful to Barbara Miller in completing the audit process.

The final report will be forwarded to the Department's Office of Developmental Programs (ODP) to begin the Department's resolution process concerning the report's contents. The staff from ODP will be in contact with you to follow-up on the actions taken to comply with the report's recommendations.

If you have any questions concerning this matter, please contact David Bryan, Audit Resolution Section at [REDACTED].

Sincerely,



Tina L. Long, CPA
Director

Enclosure

c: Mr. Jay Bausch
Ms. Rochelle Zaslou
Mr. Timothy O'Leary
Ms. Patricia McCool
Ms. Deborah Donahue

bc: Mr. Alexander Matolyak
Mr. Daniel Higgins
Mr. David Bryan
Mr. Grayling Williams
Ms. Shelley Lawrence
SEFO Audit File (S1403)

Some information has been redacted from this audit report. The redaction is indicated by magic marker highlight. If you want to request an unredacted copy of this audit report, you should submit a written Right to Know Law (RTKL) request to DHS's RTKL Office. The request should identify the audit report and ask for an unredacted copy. The RTKL Office will consider your request and respond in accordance with the RTKL (65P.S. §§ 67.101 et seq.) The DHS RTKL Office can be contacted by email at: rapwrtkl@pa.gov.

March 23, 2015

Mr. Brendan Harris, Executive Deputy Secretary
Department of Human Services
Health & Welfare Building, Room 334
Harrisburg, Pennsylvania 17120

Dear Deputy Secretary Harris:

In response to a request from the Office of Developmental Programs (ODP), the Bureau of Financial Operations (BFO) initiated an audit of Royal Home Care and Community Services, Inc. (Royal). The audit was designed to investigate, analyze and make recommendations regarding the reimbursements from the Provider Reimbursement and Operations Management Information System (PROMISe) for client care. Our audit covered the period from July 1, 2013 to August 31, 2014 (Audit Period).

This report is currently in final form and therefore contains Royal's views on the reported findings, conclusions and recommendations.

Executive Summary

Royal provides Home and Community Based Habilitation, Companion Service and Respite Care through the Consolidated and Person/Family Directed Supports waiver programs which are funded by ODP. Recommended questioned costs total \$232,994.

The report findings and recommendations for corrective action are summarized below:

FINDINGS	SUMMARY
<p>Finding No. 1 – Paid Claims Did not Have Adequate Documentation to Support the Services That Were Billed.</p>	<p>A statistically valid random sample (SVRS) of PROMISe paid claims was tested for adequacy of supporting documentation. The errors that were identified included missing time sheets and daily activity notes and the incorrect calculation of the number of units that were provided. The total questioned costs related to these errors are \$48,874.</p>
HIGHLIGHTS OF RECOMMENDATIONS	
<p>ODP should:</p> <ul style="list-style-type: none"> Recover \$48,874 related to Home and Community habilitation and companion claims which were billed erroneously and/or inadequately documented. <p>Royal should:</p> <ul style="list-style-type: none"> Only submit claims that are adequately supported by the required documentation and accurately represent the number of units that were provided. 	

Royal Home Care and Community Services, Inc.
July 1, 2013 Through August 31, 2014

FINDINGS	SUMMARY
Finding No. 2 - Respite Services Were not Properly Delivered and/or Adequately Documented	Total Respite claims were analyzed for the Audit Period. Errors were identified in four areas; authorized services were not rendered; missing time sheets; time sheets that did not support the claim; and undocumented work time. Total questioned costs related to Respite claims are \$183,053.

HIGHLIGHTS OF RECOMMENDATIONS
<p>ODP should:</p> <ul style="list-style-type: none"> • Recover \$183,053 related to Respite services that were not properly delivered and/or documented. <p>Royal should:</p> <ul style="list-style-type: none"> • Only bill for services which were rendered according to the authorized Individual Support Plan (ISP) and were properly documented.

FINDINGS	SUMMARY
Finding No. 3 - Other Improper Claims	Royal filed claims and was paid for services which were not delivered. In one instance, the consumer was not present. At other times, a care-giver was not present as required by the consumer's ISP.

HIGHLIGHTS OF RECOMMENDATIONS
<p>ODP should:</p> <ul style="list-style-type: none"> • Recover \$1,067 related to claims that were billed and paid through PROMISe for a period when the consumer was absent. • Explore the possibility of a PROMISe edit check for consumer absences that are documented in HCSIS. <p>Royal should:</p> <ul style="list-style-type: none"> • Only bill for services that were properly rendered. • Deliver services in accordance with the consumers' ISPs. • Review and approve all time sheets prior to billing to ensure they have been completed correctly and reflect the actual time that staff provided service.

FINDINGS	SUMMARY
Finding No. 4 - Internal Control Deficiencies	Internal control weaknesses that were previously identified have not been addressed. These include a lack of supervision of direct care workers, no review of time sheets and vacancies in key administrative positions.

Royal Home Care and Community Services, Inc.
July 1, 2013 to August 31, 2014

HIGHLIGHTS OF RECOMMENDATIONS

Royal should:

- Immediately address all internal control weaknesses by filling key administrative positions with qualified staff who can effectively manage the day to day operations of the agency.
- Begin supervising direct care workers and reviewing time sheets to ensure that the time stated on the time sheets represents actual service time and that the services provided are in compliance with the services authorized in the consumer's ISP.

FINDINGS

SUMMARY

Finding No.5 – Royal Did not Pay Its Care-givers Overtime

Royal did not pay its care-givers overtime when hours worked exceed 40 per week; as such, they are not in compliance with the federal Fair Labor Standards Act (FLSA)

HIGHLIGHTS OF RECOMMENDATIONS

Royal should:

- Immediately begin paying care-givers overtime whenever their time worked exceeds 40 hours in a one week period.
- Review the hours paid to its care-givers in previous periods and compensate those employees whose time exceeded 40 in a one week period to comply with the FLSA.

See Appendix A for the Background, Objective, Scope and Methodology and Conclusion on the Objective.

Results of Fieldwork

Finding No. 1 – Paid Claims Did not Have Adequate Documentation to Support the Services That Were Billed.

A SVRS of claims were selected from the claims reimbursed through PROMISE during the Audit Period. The SVRS consisted of Home and Community Habilitation and Companion claims. The underlying documentation was analyzed to determine the validity of each sampled claim. In order for a claim to be considered valid, a time sheet and daily activity note must be maintained¹ to show that the service was delivered. Errors included missing time sheets, missing daily activity notes and errors in calculating the number of units that were provided. As a result, total questioned costs related to Home and Community Habilitation and Companion claims were \$48,874.

¹ 55 Pa Code, Chapter 51 §51.13 Ongoing Responsibilities of Providers, §51.15 Provider Records and §51.16 Progress Notes. Also, 55 Pa. Code Chapter 1101 §1101.11 General Provisions and §1101.51 Ongoing Responsibilities of Providers

Recommendations

The BFO recommends that ODP recover \$48,874 related to Home and Community Habilitation and companion claims which were billed erroneously and/or inadequately documented.

The BFO also recommends that Royal only bill for claims that are adequately supported by the required documentation and accurately reflect the number of units that were provided.

Finding No. 2 – Respite Services Were not Properly Delivered and/or Adequately Documented.

All respite claims were analyzed for the audit period. Identified errors² are detailed below:

ISP Authorized Services Were not Rendered – Authorized Respite services for Royal’s consumers required a 1:1 staff to consumer ratio, with the exception of one level of Respite which required a 2:1 staff to consumer ratio. In many instances, the required level of service was not rendered. Time sheets indicated that one staff person provided Respite to two, and at times three, consumers on the same day at the same time. Royal submitted PROMISE claims and was paid for 1:1 or 2:1 Respite service for each authorized consumer even though the consumer did not receive the required level of service. Total questioned costs related to 1:1 Respite services not rendered are \$48,868 and questioned costs related to 2:1 Respite services not rendered are \$18,081.

Missing Time Sheets – Some Respite claims did not have a time sheet to support the number of units billed to PROMISE. The total questioned costs related to missing time sheets are \$20,805.

Time Sheets Did Not Support the Services That Were Billed – One unit of Respite service represents one day. In order to qualify for one unit of Respite, at least 16 hours of service must be delivered and documented.³ There were several instances where the time sheets used to document the claim did not indicate at least 16 hours of services were delivered. Total questioned costs are \$9,660.

No Service Start and End Times Were Indicated on the Time Sheets – Many time sheets for Respite service simply stated the date and “24 Hours”; there was no start or end time recorded. In these cases, the time sheet was traced back to the payroll register to try and determine whether the staff person had been paid for the hours indicated on their time sheet. Royal did not maintain a detailed payroll register; therefore, it could not be determined that the care-giver was paid for the time indicated on their time sheet. Analysis of quarterly payroll records indicated that care-givers’ time sheet hours exceeded the number of hours that Royal paid the care-givers for the same period. Total questioned costs related to undocumented work time are \$85,639.

Total questioned costs related to Respite services are \$183,053.

² See Footnote 1 above

³ Application for a 1915 (c) Home and Community Based Services Waiver, Consolidated Waiver Appendix C: Participant Services and Application for a 1915 (c) Home and Community Based Services Waiver, Person/Family Directed Support Waiver Appendix C: Participant Services (Approved July 1, 2012).

Recommendations

The BFO recommends that ODP recover \$183,053 related to Respite services that were not properly delivered and/or not properly documented.

The BFO also recommends that Royal only bill for services which were rendered according to the authorized ISP and were properly documented.

Finding No. 3 – Other Improper Claims.

There were several other claims analyzed which were billed improperly⁴.

Claims Billed When the Consumer was Absent – One consumer was absent from his residential site for three days. Royal documented the absence in the Home and Community Services Information System (HCSIS), but submitted claims as if the consumer had been receiving services. These claims were paid through PROMISE and totaled \$1,067.

Claims Billed When Staff were Absent – Monitoring staff from the Philadelphia Office of Intellectual disAbilities Services (IDS) conducted a monitoring visit and noted that two consumers who are authorized and required to receive 24 hour supervision were alone in their apartments.⁵ IDS noted that one of those consumers had not eaten or had not taken her medication. IDS also spoke to the consumers who stated that their staff was not present and that staff usually was not present overnight. Royal management initially stated to IDS that the staff had called off that morning. Royal management stated to the BFO that the staff were present and in the kitchen at the time of the IDS monitoring.

For these individuals, Royal could only present time sheets for 15 of the required 24 hours of supervision. As of audit fieldwork, Royal had not submitted a claim for one individual for the time period in question. For the second individual, a claim was submitted but was subsequently denied.

Recommendations

The BFO recommends that ODP recover \$1,067 related to claims that were billed and paid through PROMISE for the period while the consumer was absent.

The BFO also recommends that ODP explore the possibility of a PROMISE edit check for consumer absences that are documented in HCSIS.

The BFO additionally recommends that Royal only bill for services that were properly rendered.

The BFO further recommends that Royal deliver services in accordance with the consumers' ISPs.

Finally, the BFO recommends that Royal review and approve all time sheets prior to billing to ensure they have been completed correctly and reflect the actual time that staff provided service.

⁴ See Footnote 1 above

⁵ The 24 hour supervision requirement is documented in the consumer's ISP in effect on August 7, 2014.

Finding No. 4 – Internal Control Deficiencies.

Previously the BFO conducted an audit at Royal and issued a report on June 30, 2014; internal control weaknesses were noted in that audit. Royal's response to the first audit indicated that they were addressing the identified weaknesses. However, as of the close of fieldwork those weaknesses remain in the following areas:

Lack of Supervisory Staff – Royal does not have sufficient staff to supervise the direct care workers to ensure that services are delivered according to the authorized ISPs. Additionally, there is no staff available to review and/or authorize care-giver time sheets to verify that the time and services stated are accurate and properly documented.

Inadequate Staff – Royal does not have adequate staff to manage the day to day operations of the agency. There was no one who could adequately address financial, billing, and payroll issues. Royal's management relies on part time consultants for billing, payroll and other management functions.

Vacancies in Key Management Positions – Royal's organizational chart shows vacancies in key administrative positions which management had previously indicated would be filled. These vacancies are negatively affecting the ongoing viability of the agency.

If not addressed immediately, the weaknesses identified above will affect Royal's ability to continue as a viable service provider.

Recommendations

The BFO recommends that Royal immediately address all internal control weaknesses by filling key administrative positions with qualified staff who can effectively manage the day to day operations of the agency.

The BFO also recommends that Royal begin supervising direct care workers and reviewing time sheets to ensure that the time reflected on the time sheets represents actual service time and that the services provided are in compliance with the services authorized in the consumer's ISP.

Finding No.5 – Royal Did not Pay Its Care-givers Overtime.

An analysis of the available payroll records revealed that care-givers who worked more than 40 hours in a week did not receive overtime pay. Management stated it is Royal's policy not to pay overtime. In fact, Royal gave some staff two pay checks for the same time period in an attempt to avoid paying overtime.

The FLSA requires overtime to be paid for time worked in excess of 40 hours in a work week. The FLSA also requires that time in excess of 40 hours be paid at a rate of not less than time and one-half the regular rate of pay. As such, Royal is in violation of the FLSA.

Recommendation

The BFO recommends that Royal immediately begin paying care-givers overtime whenever the time worked exceeds 40 hours in a one week period.

The BFO also recommends that Royal review the hours paid to its care-givers in previous periods and compensate those employees whose time exceeded 40 hours in a one week period to comply with the FLSA.

Exit Conference/Auditor's Commentary

An Exit Conference was held on February 27, 2015 at the request of Royal's management. The discussions centered on Finding No. 3 related to Royal's implementation of processes to address the consumer supervision requirements. The BFO reviewed Royal's response along with supplemental documents that Royal submitted to support their position that the Finding had no merit.

The BFO considered all of the documentation that Royal presented and re-interviewed IDS personnel. In conclusion, Royal could not support that they met their supervisory requirements for the consumers during the time period in question. Minor changes were made to the draft report as a result of the additional documentation that Royal presented.

In accordance with our established procedures, an audit response matrix will be provided to ODP. Once received, ODP should complete the matrix within 60 days and email the Excel file to the DHS Audit Resolution Section at:



The response to each recommendation should indicate ODP's concurrence or non-concurrence, the corrective action to be taken, the staff responsible for the corrective action, the expected date that the corrective action will be completed and any related comments.

Sincerely,

A handwritten signature in black ink that reads "Tina L Long".

Tina L. Long, CPA
Director

- c: Mr. Jay Bausch
- Ms. Rochelle Zaslow
- Mr. Timothy O'Leary
- Ms. Patricia McCool
- Ms. Deborah Donahue

bc: Mr. Alexander Matolyak
Mr. Daniel Higgins
Mr. David Bryan
Mr. Grayling Williams
Ms. Shelly L. Lawrence
SEFO Audit File (S1403)

ROYAL HOME CARE AND COMMUNITY SERVICES, INC.

APPENDIX A

APPENDIX A

Background

Royal was incorporated in 2009 to provide Home and Community Habilitation, Companion and Respite services. Royal serves consumers who are approved by ODP. ODP funds the waiver eligible services which are paid through the PROMISe reimbursement process.

Objective/Scope/Methodology

The audit objective, developed in concurrence with ODP was:

- To determine if Royal has adequate documentation to substantiate its paid claims through PROMISe for services delivered.

The criteria used to ascertain the adequacy of supporting documentation was 55 Pa. Code Chapter 51, 55 Pa. Code Chapter 1101, pertinent Federal Waiver requirements and the federal Fair Labor Standards Act.

In pursuing this objective, the BFO interviewed ODP personnel and Royal's management. We also analyzed books and records, billing data, PROMISe reimbursement data, electronic records available in HCSIS and other pertinent data necessary to pursue the audit objective.

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

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objective described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of those controls. Based on our understanding of the controls, material deficiencies pertaining to service delivery and documentation were identified. Areas where we noted an opportunity for improvement in management controls are addressed in the findings of this report.

The BFO's fieldwork was conducted intermittently from October 14, 2014 to November 26, 2014 and was performed in accordance with GAGAS. This report is available for public inspection.

Conclusion on the Objective

In conclusion, Royal did not meet the documentation requirements for reimbursement of certain PROMISE claims for Home and Community Habilitation and Companion services. Time sheets and daily activity notes were not always present and in some instances there were errors in calculating the total number of service units billed through PROMISE. Additionally Royal did not always deliver the level of Respite services that it billed for or as authorized in the consumers' ISPs. Finally, Royal billed for services that were not delivered. As a result, total questioned costs are \$232,994.

ROYAL HOME CARE AND COMMUNITY SERVICES, INC.

RESPONSE TO THE DRAFT REPORT

APPENDIX B



February 13, 2015

Mr. Daniel Higgins, Audit Manager
Division of Audit and Review
Bureau of Financial Operations
Department of Human Services
[REDACTED]

7270 Woodland Ave
Philadelphia, PA 19142
United States

Phone: 215-921-9148
Fax: 215-921-9218

www.myroyalhome.com

Re: **Response to the Office of Development Programs (ODP) Draft Audit**

Report

Dear Mr. Higgins:

Thank you for the courtesy of extending additional time to review and respond to the Office of Development Programs Draft Audit Report. At this time, Royal Home Care acknowledges the findings of the audit with every intention of implementing the recommendations. As requested our corrective actions to your findings are outlined below.

Finding No. 1 Paid claims did not have adequate documentation to support the services that were billed. At this time we have "no contest" to the findings. **Corrective action:** Royal Home has hired a quality manager whose responsibility will be to review all time sheets to confirm compliance with the services required by the ISP for each client. Any document inconsistent with the ISP will be addressed before an invoice is submitted.

Finding No. 2. Respite Services Were Not Properly Delivered and/or Adequately Documented. At this time we have "no contest" to the findings. In the event that additional documents are located, we reserve the option to present it at the conference. **Corrective Actions:** The quality manager in conjunction with the administrator will ensure that the services billed are delivered by doing impromptu inspections at each site where we provide service.

Finding No. 3. Other Improper Claims: At this time we have "no contest" to the findings. However we are inferring that this finding refers [REDACTED] If this is correct, an investigation by [REDACTED] confirmed that Royal Home Care provided services that were in compliance with the ISP for [REDACTED] A copy of the report is attached.

Investigation outcome from HCSIS regarding [REDACTED] – She receives unlicensed home and community rehabilitation. She takes her medication while being supervised by staff. Staff does

not administer medication under unlicensed home and community. She was supervised in the morning by staff and she took her medication. At no time [REDACTED] was not feed as indicated by IDS.

See Exhibit A. **Corrective Action:** The quality manager will review incident reports to ensure that no invoices are submitted for services not rendered.

Finding No. 4. Internal Control Deficiencies. At this time we have “no contest”.
Corrective Actions: Royal Home Care will hire an Acting Director to formulate and implement new policies such that Royal Home Care becomes a viable service provider. Royal Home currently have a house manager.

Finding No. 5. Royal did not pay Its Care-givers Overtime: At this time we have “no contest”.
Corrective Actions: Royal Home Care has retained the services of payroll service to ensure adequate documentation such that employee’s time are properly accounted for and paid accordingly.

Royal Home Care acknowledges recommendations that were previously suggested. However, sincere consideration is being made to retain a director who appreciates the gravity of our position and direct to become a viable provider in the state of Pennsylvania.

Based on the foregoing, we certainly welcome the opportunity to discuss the recommended questioned cost at the exit conference. Thus, we are appealing to the office of the DAR to consider a reduction in the restitution.

Thanks;



Ms. Celia G. Nah
Acting Executive Director
Royal Home Care and Community Services

[REDACTED]

[REDACTED]



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Philadelphia, PA 19142
United States

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Fax: 215-921-9214

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March 4, 2015

Mr. Daniel Higgins, Audit Manager

Division of Audit and Review

Bureau of Financial Operations

Department of Human Services



RE: Follow up response to the Office of Development Program (ODP) Draft Audit

Dear Mr. Higgins:

This communication is in response to the findings surrounding two of the clients with Royal Home Care relative to abandonment and lack of medication provision. The below points are presented with the respective clients:

- I. 
 - A. **Claim of being unsupervised during a random check by **  on August 8th, 2014. In response to this claim,  had 23 hours (15hrs-HCH, and 8hrs-companionship) with an hour of unsupervised time which happened to be around the time  arrived. The findings from the investigator which validates what transpired will be mailed.
 - B. **Claim that Royal Home Care didn't administer medication:** In response to this claim,  had home and community Hab unlicensed Level-3 which doesn't require administration of medication. It is our understanding that it was interpreted as she was in 6400 which was not the case.

II.

- A. Claim of neglect as reported by [REDACTED] on August 8th, 2014:** In response to this claim, Andre at the time [REDACTED] had only 15 hours of home and community without any approved hours for overnight. Furthermore, during the visit by [REDACTED] the staff assigned to [REDACTED] at the time was in the kitchen of the apartment and as such [REDACTED] was not in any way neglected. Findings from this claim by the investigator will be mailed as well.
- C. Claim that Royal Home care didn't administer medication:** In response to this claim, [REDACTED] had home and community Hab unlicensed Level-3 which doesn't require administration of medication. It is our understanding that it was interpreted as he was in 6400 which was not the case.

In view of the aforementioned, Royal Home Care seeks to clear these allegations as we strive to make our company more viable and effective dispensing adequate services to our clients. Furthermore, the notion that information surrounding the above claims were put in HCSIS by Royal Home Care is inaccurate. It is our understanding that the report from HCSIS which lists the claims above was put in there by IDS. We are attaching the document we actually put in HCSIS at the time.

We will continue to make progress in addressing all of the recommendations submitted to Royal Home Care. We are also attaching our organizational chart as well.

Thanks for your consideration as we await your response.

Ms. Celia Nah



Acting Executive Director

Royal Home Care and Community Services

[REDACTED]