



# pennsylvania

DEPARTMENT OF HUMAN SERVICES  
BUREAU OF FINANCIAL OPERATIONS

July 30, 2015

Mr. Rick Long, CEO  
Warm Hearts Home Care Agency, LLC  
36 S 2nd St  
Sunbury, Pennsylvania 17801

Dear Mr. Long:

Enclosed for your review is the final audit report of Warm Hearts Home Care Agency, LLC which was recently completed by this office.

Your agency's response has been incorporated into the final report and is labeled as Appendix B.

The final audit report will be forwarded to the Department's Office of Long Term Living to begin the Department's resolution process concerning the report's contents. The staff from the Office of Long Term Living may be in contact with you to follow up on the corrective actions taken to comply with the report's recommendations.

I would like to extend my appreciation for the courtesy and cooperation extended to my staff during the course of the fieldwork.

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

Sincerely,

Tina L Long, CPA  
Director

Enclosure

c: Mr. Jay Bausch  
Mr. Michael Hale  
Mr. Michael Luckovich  
Ms. Amy Comarnitsky  
Ms. Melissa Herr  
Ms. Kimberly Barge

bc: Mr. Alexander Matolyak  
Ms. Olayemi Gbadamosi  
Mr. David Bryan  
Mr. Grayling Williams  
Ms. Shelley Lawrence  
CFO Audit File (C1402)

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](mailto:rapwrtkl@pa.gov).



July 30, 2015

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

Dear Deputy Secretary Harris:

In response to a request from the Office of Long Term Living (OLTL), the Bureau of Financial Operations (BFO) initiated an audit of Warm Hearts Home Care Agency, LLC (WH). The audit was designed to investigate, analyze and make recommendations regarding the reimbursements from the Provider Reimbursement and Operations Management Information System (PROMISe) for consumer care. Our audit covered the period from August 1, 2013 to July 31, 2014 (Audit Period).

This report is currently in final form and therefore contains WH's views on the reported findings, conclusions and recommendations. WH's response to the draft report is included as Appendix B. No changes were made to the draft report as a result of WH's response.

**Executive Summary**

WH provides Personal Assistance Services (PAS) through waiver programs, such as the OBRA, Independence, Act 150, Attendant Care and Pennsylvania Department of Aging (PDA) waivers which are funded by OLTL.

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

FINDINGS	SUMMARY
<p><b>Finding No. 1 – Documentation to Support Certain Paid Claims was Inadequate</b></p>	<p>The BFO tested all of the paid claims for adequacy of supporting documentation. The BFO examined 219 claims and determined that 87.7% of the claims did not have acceptable supporting documentation. Total questioned costs related to inadequate documentation are \$172,033.</p>
HIGHLIGHTS OF RECOMMENDATIONS	
<p>OLTL should:</p> <ul style="list-style-type: none"> <li>• Recover \$172,033 from WH for claims which were inadequately documented.</li> <li>• Ensure that WH only submits claims for services which are properly documented.</li> </ul> <p>WH should:</p> <ul style="list-style-type: none"> <li>• Ensure that claims are accurate and are adequately supported by the required documentation prior to billing.</li> <li>• Ensure that documentation of services is adequate and includes the type, scope, amount, duration and frequency of services.<sup>1</sup></li> </ul>	

<sup>1</sup> 55 Pa Code § 52.43(h) "A provider shall maintain books, records and documents that support: (1) The type, scope, amount, duration and frequency of service provision". Also, OLTL Bulletin Number 05-13-05.

**Warm Hearts Home Care Agency, LLC**  
**August 1, 2013 to July 31, 2014**

FINDINGS	SUMMARY
<b>Finding No. 2 – Internal Control Deficiencies</b>	Internal control deficiencies were identified in the areas of billing, payroll, and employee and consumer record maintenance.

**HIGHLIGHTS OF RECOMMENDATIONS**

OLTL should:

- Require supports coordinators to ensure that the services they authorize do not overlap with other services such as those paid through Public Partnerships, LLC (PPL).
- Ensure that WH maintains employee and consumer identifying records in accordance with federal and state laws.

WH should:

- Ensure that staff is properly trained in completing timesheets and chore sheets in accordance with WH's policy.
- Develop procedures to ensure that time sheets and chore sheets are reviewed for completeness and that they adequately support the services that are being billed.
- Reconcile the time reported on employees' timesheets to payroll records and PROMISE billings to find and fix discrepancies in those records.
- Ensure that staff and consumers are properly informed on what constitutes adequate/proper documentation of the type, scope, amount, duration and frequency of services.

FINDINGS	SUMMARY
<b>Finding No. 3 – Payroll Discrepancies</b>	Payroll discrepancies were detected including employees that were paid for less time than was reported on their time sheets; paychecks that were for amounts that did not equal the net payment amounts in payroll documentation; missing payroll records for administrative staff who signed/approved the timesheets used for PROMISE billings; and failure to follow-up on and resolve unclaimed payroll checks in accordance with federal and state labor laws

**HIGHLIGHTS OF RECOMMENDATIONS**

OLTL should:

- Ensure that WH maintains identifying records for all employees and consumers in accordance with federal and state laws.

WH should:

- Ensure that all employees are paid in accordance with federal and state labor laws.
- Ensure that proper employee identifying records as well as records of time worked are maintained as required by the Fair Labor Standards Act (FLSA).
- Compare the amounts listed for payroll checks in the payroll records to the cleared checks listed on the bank statements to identify discrepancies between those records.
- Follow up on and resolve unclaimed payroll checks.

**Warm Hearts Home Care Agency LLC.  
August 1, 2013 to July 31, 2014**

FINDINGS	SUMMARY
<b>Finding No. 4 – Other Improper Claims</b>	WH filed claims and was paid for services which were not allowable. During the audit period, there were instances in where WH billed for services when a consumer was hospitalized. In addition, one WH direct care worker provided services to and served as Power of Attorney (POA) for the same consumer, which renders those services unbillable under the Attendant Care waiver.
HIGHLIGHTS OF RECOMMENDATIONS	
<p>OLTL should:</p> <ul style="list-style-type: none"> <li>• Ensure that WH does not get paid for improper claims that are billed through PROMISE.</li> </ul> <p>WH should:</p> <ul style="list-style-type: none"> <li>• Only bill for allowable claims.</li> </ul>	

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

**Results of Fieldwork**

**Finding No. 1 – Documentation to Support Certain Paid Claims was Inadequate**

Supporting documentation was analyzed to determine the validity of each claim during the audit period. Deficiencies noted include missing timesheets and/or chore sheets, missing Service Authorization Forms (SAFs), timesheets that did not identify the consumer that was served, more than one consumer reported on a timesheet, and missing time stamps on timesheets.

In order for a claim to be considered valid, it must be supported by documentation that shows the type, scope, amount, duration and frequency of services as authorized in the consumer’s SAF and approved by the Department.<sup>2</sup> It is WH’s policy to have employees record their time in and out on timesheets, and to record the type of services delivered on chore sheets at the time of delivery. The timesheets and chore sheets are to identify the consumer being served as well as the direct care worker/employee who provides the service. Finally, WH requires the employees and consumers to sign both records at the time the service is delivered.

There were instances where WH did not follow its policy on timesheets and chore sheets, which resulted in the discrepancies described above. Sufficient documentation to support claims is lacking for 87.7% of the audited paid claims (192 out of 219 claims). The total questioned costs are \$172,033 out of the \$316,634 paid to WH during the audit period.

**Recommendations**

The BFO recommends that OLTL recover \$172,033 from WH for claims that were inadequately documented.

<sup>2</sup> 55 Pa Code § 52.43(h) “A provider shall maintain books, records and documents that support: (1) The type, scope, amount, duration and frequency of service provision”. Also, OLTL Bulletin Number 05-13-05.

**Warm Hearts Home Care Agency LLC.**  
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In addition, OLTL should ensure that WH only submits claims for services which are properly documented.

The BFO additionally recommends that WH ensure that claims are accurate and adequately supported by the required documentation prior to billing.

Finally, WH should ensure that documentation of services is adequate and includes the type, scope, amount, duration and frequency of services.

**Finding No. 2 – Internal Control Deficiencies**

The BFO's analysis of WH paid claims identified the following internal control deficiencies:

Employee timesheets indicated overlaps of hours where two or more employees worked for the same consumer at the same time and date. A 1:1 ratio of consumer to direct care worker is required for PAS. There were also overlaps with direct care workers that were paid through PPL for the same times/dates; PPL provides financial management services to consumers under the consumer model.

Additionally, the number of hours of service reported on various employee timesheets was greater than the number of hours of service that were billed through PROMISE. Also, some chore sheets and timesheets were missing or incomplete.

Furthermore, some of the timesheets and chore sheets did not identify the consumer being served or the employee providing the service. It appears that WH did not review the time sheets and chore sheets for accuracy and completeness prior to billing for services. As such, WH submitted claims without adequate documentation to support the services which were billed.

**Recommendations**

The BFO recommends that OLTL require supports coordinators to ensure that the services they authorize do not overlap with other services such as those paid through PPL.

The BFO also recommends that OLTL ensure that WH maintains employee and consumer identifying records in accordance with federal and state laws.

The BFO further recommends that WH ensure that staff is properly trained in completing timesheets and chore sheets in accordance with WH's policy.

The BFO additionally recommends that WH develop procedures to ensure that time sheets and chore sheets are reviewed for completeness and that they adequately support the services that are being billed.

The BFO also recommends that WH reconcile the time reported on employees' timesheets to payroll records and PROMISE billings to find and fix discrepancies in those records.

The BFO finally recommends that WH ensure that staff and consumers are properly informed on what constitutes adequate/proper documentation of the type, scope, amount, duration and frequency of services.

**Warm Hearts Home Care Agency LLC.**  
**August 1, 2013 to July 31, 2014**

**Finding No. 3 – Payroll Discrepancies**

The BFO's analysis of WH payroll records identified the following discrepancies:

- Four individuals identified as employees based on timesheets and chore sheets did not have any payroll records in any of the pay periods in the audit period. These individuals either provided services to consumers or signed off on timesheets which WH used to bill for services.
- The amount paid to some employees in a pay period was less than what should have been paid based on their timesheets.
- The net payment amounts from the pay statements for some employees did not match to corresponding cleared check amounts on WH's bank statements. Some of the checks cleared for amounts that were different from the net payment amounts. Other net payment amounts were not listed as cleared checks on WH's bank statements. WH was not able to provide an explanation for this discrepancy. The BFO was not able to establish if or when those employees were paid.
- Failure to follow-up on and resolve unclaimed paychecks as required by federal and state labor laws including the state Wage Payment and Collection Law.

**Recommendations**

The BFO recommends that OLTL makes sure that WH maintains identifying employee and consumer records in accordance with federal and state laws.

The BFO also recommends that WH ensure that all employee payroll records are maintained and wages are paid to employees in accordance with federal and state labor laws.

The BFO additionally recommends that WH ensure that proper employee identifying records as well as records of time worked are maintained as required by the FLSA.

The BFO further recommends that WH compare the amounts listed for payroll checks in the payroll records to the cleared checks listed on the bank statements to identify discrepancies between those records.

The BFO finally recommends that WH follow up on and resolve unclaimed payroll checks.

**Finding No. 4 – Other Improper Claims**

In at least one instance, PAS were provided to a consumer by the consumer's active POA. The Attendant Care waiver does not pay for services that are provided by an active POA<sup>3</sup>.

In addition, there were instances where WH billed for services when a consumer was hospitalized and not available to receive such services. The employee chore sheets during these periods reported things such as 'feeding the pet' and 'cleaning the residence' while the consumers were

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<sup>3</sup>55 Pa Code § 52.14(i) states "A provider shall comply with the applicable approved waiver, including approved waiver amendments." Also, Appendix C of the Attendant Care Waiver states "The waiver will not pay for services furnished by an active Power of Attorney (POA) of a participant".

**Warm Hearts Home Care Agency LLC.  
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hospitalized. One employee chore sheet also reported 'oral cleaning and shaving' for a consumer who was under hospital care.

The regulations<sup>4</sup> require the consumer to be available to receive authorized services when the services are delivered. The amounts associated with these improper claims are included in the total disallowance of \$172,032 stated in Finding No. 1.

**Recommendations**

The BFO recommends that OLTL ensure that WH does not receive payments for improper claims that are billed through PROMISe.

The BFO also recommends that WH only bill for allowable claims.

**Auditor's Commentary/Exit Conference**

WH's response to the draft report stated that WH will appeal the audit but offered no evidence to contradict the findings in the draft audit report. Accordingly, no changes were made to the draft report. WH declined to have an exit conference.

In accordance with our established procedures, an audit response matrix will be provided to OLTL. Once received, OLTL 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 OLTL's concurrence or nonconcurrence, 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

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<sup>4</sup> 55 Pa Code § 52.14 (m) states "A provider may not render a service when the participant is unavailable to receive the service."

**WARM HEARTS HOME CARE AGENCY, LLC**

**APPENDIX A**

## **Appendix A**

### **Background**

WH is a home care agency located in [REDACTED] with a satellite office in [REDACTED]. WH is enrolled by OLTL to provide PAS. WH had 29 active consumers and received \$316,634 in payments through the PROMISe system during the audit period.

### **Objective, Scope and Methodology**

Our audit objective was:

- To verify the accuracy of the PROMISe paid claims to WH in the Audit Period, and to ensure that proper documentation was retained to substantiate those claims for home and community-based services, in accordance with 55 Pa Code Chapter 52 effective May 19, 2012; 55 Pa Code Chapter 1101 and pertinent federal waiver requirements.

In pursuing this objective, the BFO interviewed WH management and office administration staff. The BFO also analyzed PROMISe reimbursement data, manually completed timesheets and chore sheets, consumer files, and other pertinent documentation 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, 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 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 their effectiveness.

Based on our understanding of the controls, there were deficiencies in billing procedures and maintenance of documentation. There were also deficiencies in payroll procedures and documentation. Areas where the BFO noted an opportunity for improvement in management controls are addressed in the findings and recommendations of this report.

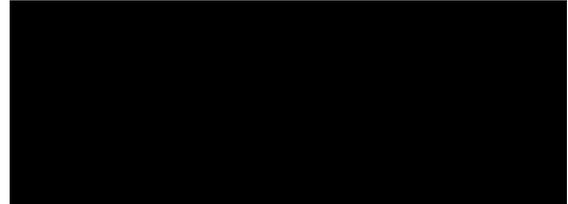
The BFO's fieldwork was conducted from February 3, 2015 to February 13, 2015 and was performed in accordance with GAGAS. An audit closing conference was conducted with WH on March 23, 2015. This report is available for public inspection.

**Conclusion on the Objective**

WH did not have acceptable documentation to support \$172,033 of claims paid through PROMISe. WH also did not have sufficient controls in place to ensure proper documentation of services is maintained prior to billing for services through PROMISe.

**WARM HEARTS HOME CARE AGENCY, LLC  
RESPONSE TO THE DRAFT REPORT**

**APPENDIX B**



Olayemi Gbadamosi,

06/15/2015

I am contacting you to explain our desired course of action on our recent audit report.

As explained in Warm Hearts report there was inadequate documentation supporting claims that was billed to Office Of Long Term Living. Warm Hearts Home Care is going to appeal the decision made by the Division of Audit and Review.

Any questions please don't hesitate to call our office.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Long".

Rick Long, CEO