



pennsylvania

DEPARTMENT OF PUBLIC WELFARE

August 15, 2012

Mr. Timothy J. Finegan
Executive Director
Community Resources for Independence, Inc.
3410 West 12nd Street
Erie, Pennsylvania 16505

Dear Mr. Finegan:

Enclosed for your review is the final audit report of Community Resources for Independence, Inc. (CRI) which was recently completed by this office.

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

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

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

If you have any questions please contact Mr. Michael J. Kiely, Audit Manager of the Western Field Office, at (412) 565-2187.

Sincerely,

A handwritten signature in black ink that reads "Tina L. Long". The signature is written in a cursive, slightly slanted style.

Tina L. Long, CPA
Director

Enclosure

c: Mr. Michael Hale
Ms. Sallee Rowe

bc: Ms. Karen K. Deklinski
Mr. Alexander Matolyak
Mr. David Bryan
Ms. Kenya Faulkner
Ms. Shelley Lawrence
Mr. Grant Witmer
Mr. Michael Kiely/WFO (W1000)
WFO Audit File (W1000)

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 DPW'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 (65 P.S. §§ 67.101 et seq.) The DPW RTKL Office can be contacted by email at: ra-dpwtkl@pa.gov.

August 15, 2012

Mr. Timothy Costa
Executive Deputy Secretary
Health and Welfare Building, Room 333
Harrisburg, Pennsylvania 17120

Dear Mr. Costa:

In response to a request from the Office of Long-Term Living (OLTL), the Bureau of Financial Operations (BFO) performed an audit of Community Resources for Independence, Inc. (CRI). The audit was designed to investigate, analyze, and make recommendations regarding several issues identified by OLTL during the course of its January 2011 on-site monitoring. Our audit covered the period July 1, 2010 to June 30, 2011.

A draft of this report was reviewed by CRI and their comments, which are identified as Appendix A, are attached to this report. CRI elected not to have an exit conference.

Executive Summary

FINDINGS	SUMMARY
<p>Issue No. 1 – Supports Coordination Billings Were Not Supported by Case Records.</p>	<p>CRI was unable to provide documentation to support 47.06% of Attendant Care Waiver, 77.74% of Independence Waiver and 77.78% of OBRA Waiver Supports Coordination units of service claims that were included in our sample. An extrapolation of these errors results in a recommended recovery of \$1,438,736.</p>

HIGHLIGHTS OF RECOMMENDATIONS

<p>OLTL Should:</p> <ul style="list-style-type: none"> Recover \$1,438,736 from CRI relating to the absence of documentation for Supports Coordination claims.

FINDINGS	SUMMARY
<p>Issue No. 2 – Consumer Model Personal Assistance Service (W1792) Timesheets did not Consistently Support the Units of Service Claimed.</p>	<p>Our sample testing of Consumer Model Personal Assistance Service (PAS) claims indicated that consumer signatures on attendant timesheets representing 1.37% of the paid claims were signed by someone other than the consumer. These claims represent \$495,286 of projected undocumented payments.</p>

HIGHLIGHTS OF RECOMMENDATIONS

<p>OLTL should Recover \$495,286 related to questionable consumer signatures on attendant timesheets.</p>

Community Resources for Independence, Inc.
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FINDINGS	SUMMARY
<p>Issue No. 3 – Consumer Model Respite Service (S5150) Timesheets did not Consistently Support the Units of Service Claimed.</p>	<p>Our review of a sample of Consumer Model Respite service claims identified that Consumer Model Personal Assistance units of service were billed and paid for the same consumers on the same days and times. The overlapping units of service accounted for 1.67% of our sample. Extrapolating the results over the universe of FY10/11 paid units of service results in projected duplicate billings of \$19,382. In addition, consumer signatures on attendant timesheets representing 11.07% of the paid claims were signed by someone other than the consumer. These claims represent \$128,478 of additional projected undocumented payments.</p>
HIGHLIGHTS OF RECOMMENDATIONS	
<p>OLTL should:</p> <ul style="list-style-type: none"> • Recover \$19,382 of projected duplicate unit of service payments due to overlapping claims for Consumer Model Respite and Personal Assistance Services. • Recover \$128,478 of projected undocumented Respite claim payments related to questionable consumer signatures on attendant timesheets. 	

FINDINGS	SUMMARY
<p>Issue No. 4 – CRI Should Improve Internal Controls Over Timesheet Management And Gift Cards.</p>	<p>Our analysis of timesheets indicated that Respite hours were not consistently identified on the day service was provided. Also, when consumers were unable to provide their required signature, authorization of an acceptable alternative was not documented in the consumers' file. Additionally, our review of gift card purchases for staff recruitment and retention incentives and extraordinary consumer expenses identified weaknesses in the control of gift card purchase and distribution.</p>

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HIGHLIGHTS OF RECOMMENDATIONS

CRI should:

- Develop written policies and procedures to address timesheet management. The policies and procedures should provide guidance on timesheet completion to ensure the number of hours by service, e.g., Respite or PAS, is identified for each day and summarized for the pay period. In addition, a signature protocol should be addressed if a consumer is unable to sign a timesheet. The policy and procedures should establish an acceptable alternative, e.g., use of a signature stamp, Power of Attorney, or someone signing on behalf of the consumer, and be clearly documented in the consumer’s file.

- Develop written policies and procedures to improve control over the acquisition and distribution of gift cards. CRI should develop and maintain a log to record their purchase and distribution to ensure that it is documented who received them, for what purpose, and the current inventory level.

OBSERVATION

CRI’s Revenues Have Exceeded Expenses by over \$6 Million For Each of the Past Four Fiscal Years	Excess Revenues for each fiscal year were:								
	<table> <tr> <td style="padding-right: 20px;">FY 2007/2008</td> <td>\$6,420,983</td> </tr> <tr> <td>FY 2008/2009</td> <td>\$6,566,473</td> </tr> <tr> <td>FY 2009/2010</td> <td>\$6,284,772</td> </tr> <tr> <td>FY 2010/2011</td> <td>\$6,103,562</td> </tr> </table>	FY 2007/2008	\$6,420,983	FY 2008/2009	\$6,566,473	FY 2009/2010	\$6,284,772	FY 2010/2011	\$6,103,562
FY 2007/2008	\$6,420,983								
FY 2008/2009	\$6,566,473								
FY 2009/2010	\$6,284,772								
FY 2010/2011	\$6,103,562								

Background

CRI is a 501(c)(3) non-profit corporation headquartered in Erie, Pennsylvania, with twelve satellite offices throughout the state that function to provide services to eligible individuals (consumers) with disabilities in order to maximize their independence and the accessibility to the communities in which they live. CRI, through DPW’s Attendant Care Program, provides services that allow consumers to remain in their home and community, and to receive assistance with daily living, self-care and mobility rather than living in an institution. A consumer can receive assistance with services such as personal hygiene, transferring in and out of a wheelchair, meal preparation and eating, as well as household chores. The consumer can choose to use the Agency model, whereby CRI employs, trains, manages, and assigns the attendant. The alternative is the Self-Directed/Consumer model, whereby the consumer is responsible for hiring and managing the attendant’s schedule. CRI also provides referral services and coordinates existing community resources, and can provide financial management services to consumers for payroll and tax related issues.

Attendant Care is funded using various Waiver (Attendant Care, Independence, OBRA and Commcare) and state (Act 150) monies.

CRI reported total revenues of \$68,638,943 for the fiscal year ended June 30, 2011.

Objectives, Scope, Methodology

Our audit objectives were:

- To determine if Community Resources for Independence has adequate documentation to support claims for Fiscal Year 2010-11.
- To determine if rates of reimbursement paid to Community Resources for Independence reasonably reflect the cost of providing a unit of service.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objectives described above. The applicable controls were examined to the extent necessary to provide reasonable assurance of the effectiveness of these controls. Based on our understanding of the controls, certain material deficiencies came to our attention. Areas where we noted material deficiencies or an opportunity for improvement in management controls are addressed in the findings of this report.

We conducted this performance audit in accordance with generally accepted governmental 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.

The BFO's fieldwork was conducted between December 12, 2011 and January 27, 2012 and was performed in accordance with generally accepted government auditing standards. A closing conference was held with CRI management on February 22, 2012 to discuss the results of the audit. This report, when presented in final form, will be available for public inspection.

Results of Fieldwork

Issue No. 1 – Supports Coordination Billings Were Not Supported by Case Records.

CRI billed PROMISe for Supports Coordination services for which there was inadequate documentation to support claims. The Code of Federal Regulations 42 CFR 441.18, which refers to case management services, requires in section (a) (7) that providers maintain case records that document for all individuals receiving case management:

- (ii) The dates of the case management services, and;
- (iv) The nature, content, units of the case management services received and whether goals specified in the care plan have been achieved;

As part of our audit, we tested random samples of Attendant Care Waiver (procedure code W1794), Independence Waiver (W1877) and OBRA Waiver (W6100) Supports Coordination claims. Units

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billed are one unit per month for Attendant Care, one unit per week for OBRA and one hour per week for the Independence Waivers. We provided CRI's Supports Coordination staff with the sample claims and asked them to provide us with documentation of the date and nature of service for each weekly or monthly claim.

This testing revealed that in many cases there was no documentation that services had been provided. No documentation could be found to support Supports Coordination claims for 47.06 percent of the Attendant Care Waiver sample, 77.74 percent of the Independence Waiver sample, and 77.78 percent of the OBRA Waiver sample. Based on these percentages extrapolated over total paid claims for each of the three waivers, the projected unsupported claims for each waiver were as follows:

<u>Waiver</u>	<u>Total Paid Claims</u>	<u>Sample Error Rate</u>	<u>Unsupported Claims</u>
Attendant Care	\$1,860,480	47.06%	\$ 875,542
Independence	\$ 362,562	77.74%	\$ 281,856
OBRA	\$ 361,710	77.78%	\$ <u>281,338</u>
TOTAL			<u>\$1,438,736</u>

Recommendation

The BFO recommends that the OLTL recover \$1,438,736 from CRI relating to the absence of documentation for Supports Coordination claims.

Issue No. 2 – Consumer Model Personal Assistance Service (W1792) Timesheets Did Not Consistently Support the Units of Service Claimed

Consumer Model Personal Assistance Services (procedure code W1792) is the largest service provided by CRI. It accounted for more than one half of CRI's total revenues for FY10/11.

To determine if adequate documentation existed to support CRI's Consumer Model Personal Assistance Service claims paid through PROMISe for FY10/11, we tested a randomly selected sample of claims paid for the period. For each claim we reviewed attendant timesheets for the specified billing period to verify that billed/paid units of service were adequately documented.

Our testing identified instances in which the consumer's signature certifying that the services were provided appeared to have been signed by someone other than the consumer. In each instance, our review of the consumer's file maintained by CRI found no authorization for an alternative signatory. Without the consumer's signature or acceptable alternative attestation that the services were provided by the attendant, there was not adequate documentation to support payment of the claim. These claims, which represented 1.37% of our sample, extrapolated over the universe of claims resulted in an additional \$495,286 of undocumented units of service.

Recommendation

The BFO recommends that the OLTL recover \$495,286 related to questionable consumer signatures on attendant timesheets.

**Issue No. 3 – Consumer Model Respite Service (S5150) Timesheets
Did Not Consistently Support the Units of Service Claimed**

According to PROMISE records, CRI was paid \$1,160,596 in FY10/11 for providing Consumer Model Respite Services (procedure code S5150). As part of our audit, we tested a random sample of S5150 claims. For each claim we tested attendant time sheets for the specified billing period to verify that billed/paid units of service were adequately documented.

This testing found that 1.67% of the units of service in our sample were for the same days and times that had also been claimed and paid under procedure code W1792, Consumer Model Personal Assistance Services. The overlapping billings represent duplicate claims that had been paid through PROMISE. Extrapolating this percentage over the universe of S5150 claims results in projected duplicate payments of \$19,382.

Our testing also identified instances in which the consumer's signature certifying that the services were provided appeared to have been signed by someone other than the consumer. Without the consumer's signature or some acceptable alternative attestation that the service was provided by the attendant, there was not adequate documentation to support payment of the claim. These claims represented 11.07% of our sample and resulted in projected undocumented claim payments of \$128,478 when extrapolated over the universe of S5150 claims.

Recommendations

The BFO recommends the OLTL recover \$19,382 of projected duplicate unit of service payments due to overlapping claims for Consumer Model Respite Services (S5150).

The BFO also recommends that the OLTL recover \$128,478 of projected undocumented Consumer Model Respite Service (S5150) claim payments related to questionable consumer signatures on attendant timesheets.

**Issue No. 4 – CRI Should Improve Internal Controls Over Timesheet
Management and Gift Cards**

As part of the audit process, hours reported on consumer timesheets were verified to hours billed to PROMISE for Consumer Model Personal Assistance Service (W1792) and Consumer Model Respite Services (S5150). In performing this verification, we found that timesheets did not always differentiate between W1792 or S5150 hours on a given day. Rather, the number of hours of each service was only noted in the aggregate in the biweekly totals. In order to adequately support PROMISE billings, the number of W1792 and S5150 hours should be identified separately for each day.

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Our audit also found that signature stamps, alternative marks (e.g. "X"), or power of attorney notations were reflected on the consumer signature line of some attendant timesheets. Frequently, there was no formal authorization in the consumer's files supporting the use of signature stamps or alternative marks and we were unable to locate some of the power of attorney agreements. Since the consumer's attestation is required to certify that the information on the timesheet is accurate and serves as the authorization for payment, an acceptable alternative to the consumer's actual signature, if necessary, must be documented in the consumer's file.

Finally, our review of a sample of CRI FY 10/11 expenditures indicated a need for improved control over the acquisition and distribution of gift cards. CRI periodically purchases gift cards from local retail stores that are used as staff recruitment and retention incentives and to assist needy consumers with extraordinary expenses. (Because CRI is reimbursed by DPW on a unit of service basis, DPW is not charged directly for these costs). CRI does not have written policies and procedures related to the gift card program, nor do they maintain sufficient records detailing who purchased gift cards, who they were distributed to, for what purpose, and a running balance of gift cards on hand.

Recommendations

The BFO recommends that CRI develop written policies and procedures to address timesheet management. The policies and procedures should provide guidance on timesheet completion to ensure the number of hours by service type is identified for each day and summarized for the pay period. In addition, a signature protocol should be developed to establish an acceptable alternative, such as use of a signature stamp, Power of Attorney, or someone signing on behalf of the consumer, and should be clearly documented in the consumer's file.

The BFO also recommends that CRI develop written policies and procedures to improve control over the acquisition and distribution of gift cards. CRI should develop and maintain a log to record their purchase and distribution to ensure documentation of who received them, for what purpose and the current inventory level.

OBSERVATION - CRI's Revenues Have Exceeded Expenses by Over \$6 Million For Each of the Past Four Fiscal Years

One of the stated objectives of our audit was to determine if rates of reimbursement paid to CRI reasonably reflect the cost of providing a unit of service. Based on CRI's independent audits, IRS Form 990's (Return of an Organization Exempt From Income Tax) and accounting records, we were able to determine that, in the aggregate, CRI consistently generates revenues in excess of expense of more than \$6M per year. Reported excess revenues for each of the past four fiscal years were:

FY 2007/2008	\$6,420,983
FY 2008/2009	\$6,566,473
FY 2009/2010	\$6,284,772
FY 2010/2011	\$6,103,562

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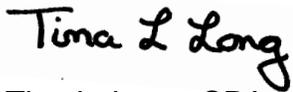
IRS Form 990's from FY 2007/2008 through FY 2009/2010 indicated that CRI received an average of 99.6% of its revenue through public support.

As part of this objective we attempted to determine excesses or deficits by specific service. However, based on a review of accounting records and discussions with CRI fiscal staff, it was determined that CRI's accounting records are not maintained on a per service basis. Therefore, we could not identify which services generated excess revenues and which operated at a loss.

In accordance with our established procedures, an audit response matrix will be provided to the OLTL. The OLTL will be responsible for completing the matrix and forwarding it to the DPW Audit Resolution Section within 60 days. The response to each recommendation should indicate OLTL'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.

Please contact David Bryan, Audit Resolution Section, at (717) 783-7217 if you have any questions concerning this audit or if we can be of any further assistance in this matter.

Sincerely,



Tina L. Long, CPA
Director

c: Mr. Michael Hale
Ms. Sallee Rowe

bc: Ms. Karen K. Deklinski
Mr. Alexander Matolyak
Mr. David Bryan
Ms. Kenya Faulkner
Ms. Shelley Lawrence
Mr. Grant Witmer
Mr. Michael Kiely
Audit File W1000

**COMMUNITY RESOURCES FOR INDEPENDENCE, INC.
RESPONSE TO THE DRAFT REPORT**

APPENDIX A

**Community Resources for Independence's
Bureau of Financial Operations Audit Response**

Issue 1 – Supports Coordination Billings Were Not Supported by Case Records.

As stated in the audit report, Service Coordination is billed one unit per month for Attendant Care Waiver, one unit per week for OBRA Waiver and one hour per week for Independence Waiver. This fee is billed on the above basis, as stated in the Participants Individual Service Plan (ISP). There has been no requirement from the Office of Long Term Living (OLTL) that a contact service note must be made to bill for the service provided. There have been no findings of this type during previous monitoring by OLTL and Quality Management Efficiency Team (QMET) for several years on the billing of the Service Coordination fee. No directive or bulletin has been issued pertaining to this requirement or direction of how much time constitutes a billable unit.

CRI understands that the Code of Federal Regulations 42 CFR 441.18 quoted in the findings is in reference to a State Plan. Per the Waiver documents: "Waivers services complement and/or supplement the services that are available to participants through the Medicaid State plan and other federal, state and local public programs as well as the supports that families and communities provide." This statement is interpreted by CRI to mean that the OLTL Waiver's are in addition to a State Plan and not part of a State Plan and therefore not subject to the regulations covering State Plans.

CRI respectfully does not concur with this finding.

Issue 2 – Consumer Model Personal Assistance Service (W1792) Timesheets Did Not Consistently Support the Units of Service Claimed

In regards to timesheets with signatures that were questioned:

CRI realizes the importance of signatures. CRI respects the consumer employer approval given by their signature on the timesheets. CRI also realizes that consumer employer signatures can deteriorate or change over time due to a progressive disability. For any signature disputes, CRI can verify with the Participant if the services were provided and verify the approval of the timesheets by the Participant in person. In cases where someone other than the consumer employer has signed the timesheet and there is no Power of Attorney or Registered Representative form on file and it cannot be verified that the consumer employer may have instructed someone else to sign the timesheet giving rise to a disputed signature potentially being fraudulent, the case is turned over to CRI's Quality Control department for resolution through the state's Office of the Attorney General.

CRI respectfully does not concur with this finding.

Issue 3 – Consumer Model Respite Service (S5150) Timesheets Did Not Consistently Support the Units of Service Claimed

In review of the timesheets for the Participant in question overlapping times were submitted. Both Respite Services (S5150) and PAS (W1792) can be provided the same date, but can not be provided at the same time.

██████████ – No disagreement with this finding. This Participant had overlapping times submitted. We are considering this a potential fraud case to be turned over to our Quality Control department.

In regards to timesheets with signatures that were questioned:

CRI realizes the importance of signatures. CRI respects the consumer employer approval given by their signature on the timesheets. CRI also realizes that consumer employer signatures can deteriorate or change over time due to a progressive disability. For any signature disputes, CRI can verify with the Participant if the services were provided and verify the approval of the timesheets by the Participant in person. In cases where someone other than the consumer employer has signed the timesheet and there is no Power of Attorney or Registered Representative form on file and it cannot be verified that the consumer employer may have instructed someone else to sign the timesheet giving rise to a disputed signature potentially being fraudulent, the case is turned over to CRI's Quality Control department for resolution through the state's Office of the Attorney General.

CRI respectfully does not concur with this finding.

Issue 4 – CRI Should Improve Internal Controls Over Timesheet Management and Gift Cards

CRI has begun to improve internal controls over timesheet management and gift cards per recommendations from our Independent Auditor. Staff are responsible to verify that hours do not overlap and review questionable signatures by comparing to other documents signed by the Participant. A sign-off procedure was implemented for gift cards; CRI has developed a form to track who received a gift card and what event/function the person was giving a gift card for.

CRI respectfully concurs with this finding.

AUDITOR'S COMMENTARY

Auditor's Commentary

The CRI response to Issue No. 1 of the audit report states that it is CRI's understanding that the regulation quoted in this issue (42 CFR 441.18) is in reference to a State Plan and that the OLTL waiver's are in addition to a State Plan and therefore not subject to the regulations covering State Plans.

42CFR PART 430 applies to Grants to States for Medical Assistance Programs. Under this section, §430.25 addresses Waivers of State Plan Requirements. §430.25 (b) states "Detailed rules for waivers are set forth in 431 subpart B, 440 subpart A and 441 subpart G."

Under 440 subpart A, §440.169(a) Case management services states "Case management services means services furnished to individuals ... in accordance with §441.18 of this chapter."

§441.18 (a) (7) "Require[s] providers to maintain case records that document for all individuals receiving case management as follows:

(ii) The dates of the case management services

(iv) The nature, content, units of the case management services received and whether goals specified in the care plan have been achieved."

§441.18 (a) (7) (ii) and (iv) are the regulations quoted in our report.