



pennsylvania

DEPARTMENT OF HUMAN SERVICES
BUREAU OF FINANCIAL OPERATIONS

August 16, 2018

Ms. Wanda M. Sabb, Interim Chief Executive Officer
Blossom Philadelphia
102 East Mermaid Lane
Philadelphia, Pennsylvania 19118

Dear Ms. Sabb:

I am enclosing for your review the final performance audit report of Blossom Philadelphia 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, 2015 through December 31, 2017 (Audit Period).

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

The final report will be forwarded to the Office of Developmental Programs (ODP) and the Office of Child Development and Early Learning (OCDEL) to begin the Department's resolution process concerning the report's contents. Staff from the program offices 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,

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

Tina L. Long, CPA
Director

Enclosure

c: Ms. Leesa Allen
Ms. Nancy Thaler
Ms. Sheila Theodorou
Ms. Rochelle Zaslow
Mr. Kevin Hancock
Ms. Suzann Morris
Mr. Carl Beck
Ms. Carolyn Ellison
Ms. Barbara Valaw
Ms. Karen Fickes
Ms. Kristin Crawford
Ms. Caitlin Palmer
Ms. Tara Breitsprecher



August 16, 2018

Ms. Leesa Allen, Executive Deputy Secretary
 Department of Human Services
 Health & Welfare Building, Room 334
 Harrisburg, Pennsylvania 17120

Dear Deputy Secretary Allen:

The Bureau of Financial Operations conducted a performance audit of Blossom Philadelphia (Blossom). The audit was designed to determine whether Blossom had sufficient management controls in place to effectively provide services and to determine the sufficiency of documentation to support payments from the Provider Reimbursement and Operations Management Information System (PROMISe). Our audit covered the period from July 1, 2015 to December 31, 2017.

This report is in final form and therefore contains Blossom’s views on the report’s findings, conclusions and recommendations.

Summary of Conditions and Questioned Costs

Description of Condition	Location of Details	Questioned Costs
Certain PROMISe Claims Were Not Supported by Adequate Documentation	Finding No. 1 Appendix A	\$926,925
Residents’ Medical Assistance Eligibility Was Jeopardized by Account Balances That Were Too High	Finding No. 2 Appendix A	\$0
Blossom Has Yet To Distribute the Funds of Deceased Residents	Finding No. 3 Appendix A	\$0
Blossom Did Not Properly Account for Resident Funds	Finding No. 4 Appendix A	\$0
The General Ledger Balance for Residents’ Funds Exceeded the Sum of the Subsidiary Ledger’s Details	Finding No. 5 Appendix A	\$0
Internal Control Weaknesses	Finding No. 6 Appendix A	\$0
	Total	\$926,925

See Appendix A for the Details of the Audit Findings.

See Appendix B for the Background, Objectives, Scope and Methodology, and Conclusion on the Objectives.

See Appendix C for the Analysis of Questioned Costs.

See Appendix D for the Response to the Draft Report

Exit Conference/Auditor's Commentary

An Exit conference was held on Tuesday July 31, 2018 at the request of Blossom's management. Blossom's management did not agree with the BFO's extrapolation of the claim samples and stated that they are confident that services were provided even though they could not produce sufficient documentation to support some of the services that were billed. Additionally, management stated that most consumer accounts have been properly transitioned except the ones that had a former staff member's name on the account. Blossom's management also stated that deceased residents' funds are being handled by an attorney to properly distribute the funds and ensure any outstanding expenses are paid.

After internal discussions, the finding related to additional staffing costs incurred during the transition period was removed from the report. No other changes were made to the report.

In accordance with our established procedures, an audit response matrix will be provided to the Office of Developmental Programs (ODP) and the Office of Child Development and Early Learning (OCDEL). Once it is received, each program office 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 the program office'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

**BLOSSOM PHILADELPHIA
APPENDIX A**

Appendix A – Details of the Audit Finding

Blossom Philadelphia
July 1, 2015 to December 31, 2017

Finding No. 1 - Certain PROMISE Claims Were Not Supported by Adequate Documentation

Condition (“What was found?”):

Five statistically valid random samples (SVRSs) and one non-statistical sample of claims were tested for adequacy of supporting documentation. The BFO identified deficiencies in five of the six samples due to missing time sheets and/or daily activity notes and documentation that did not adequately support the claims submitted to PROMISE for reimbursement.

- For Community Habilitation claims, 11.5% of the reimbursed value tested was missing documentation or the documentation did not adequately support the claims submitted to PROMISE which resulted in extrapolated questioned costs of \$590,140.
- For Community Participation claims, 5.1% of the reimbursed value tested was missing documentation or the documentation did not adequately support the claims submitted to PROMISE which resulted in extrapolated questioned costs of \$84,843.
- For Early Intervention Services, 5.6% of the reimbursed value tested was missing documentation or the documentation did not adequately support the claims submitted to PROMISE which resulted in extrapolated questioned costs of \$92,645.
- For Additional Individualized Staffing, 100% of the reimbursed value tested was missing documentation or the documentation did not adequately support the claims submitted to PROMISE which resulted in extrapolated questioned costs of \$128,006.
- For Supplemental Habilitation, 100% of the reimbursed value was missing documentation or the documentation did not adequately support the claims submitted to PROMISE which resulted in question costs of \$31,291.

Criteria (“What should it be?”):

Providers must maintain records supporting service billings that were submitted for reimbursement as specified in the following Code sections:

55 PA Code, Chapter 51:

§ 51.13, Ongoing Responsibilities of Providers

§ 51.15, Provider Records

§ 51.45 *et seq.* Provider billing

§ 51.46(g) Audit Requirements

55 PA Code, Chapter 1101:

§ 1101.11, General Provisions

§ 1101.51, Ongoing Responsibilities of Providers

Effect (“What is the impact?”):

The above deficiencies resulted in total questioned costs of \$926,925 with a variance of +/- \$429,223 for the audit period.

Cause (“Why did it happen?”):

Internal control deficiencies resulted in claims that were submitted to PROMISE without being thoroughly examined to ensure the documentation was complete and correct.

Appendix A – Details of the Audit Finding

Blossom Philadelphia
July 1, 2015 to December 31, 2017

Recommendation (“What needs to be done to correct it?”):

- The BFO recommends that ODP recover \$834,280 in questioned costs related to missing and/or inadequate claim documentation.
- The BFO recommends that OCDEL recover \$92,645 in questioned costs related to inadequate claim documentation.
- The BFO recommends that Blossom develop policies and procedures to ensure that timesheets and daily activity notes are thoroughly examined prior to submitting claims for reimbursement, are that the documentation is maintained and available for inspection.

Finding No. 2 - Residents' Medical Assistance Eligibility Was Jeopardized by Account Balances That Were Too High

Condition (“What was found?”):

As of December 31, 2017, twenty-four residents exceeded their respective asset ceilings because their account balances exceeded the maximum allowable¹ amount. Exceeding the maximum allowable amount jeopardizes these residents' Medical Assistance (MA) eligibility.

Criteria (“What should it be?”):

For continuing eligibility, participants' assets cannot exceed certain limits. For MA recipients, the limit is \$2,000; for non-MA recipients, the limit is \$8,000.

55 PA Code Chapter 178

§178.1 General policy on MA resources common to all categories of MA

Effect (“What is the impact?”):

Account balances that are too high could jeopardize a resident's MA eligibility.

Cause (“Why did it happen?”):

Blossom did not monitor residents' account balances to ensure that MA eligibility was maintained. As a result, the residents' balances grew over time jeopardizing their MA eligibility.

Recommendation (“What needs to be done to correct it?”):

- The BFO recommends that Blossom acknowledge the excess balances and work with the new providers to appropriately expend the funds necessary to ensure the balances are within the allowed limits.
- The BFO recommends that ODP ensure that the resident accounts have been transferred to the new providers and that the account balances are below the maximum amount to ensure continued MA eligibility

¹ Three residents died with excess balances; nine had balances that were more than \$1,000 above their limits; and twelve had balances within \$1,000 of their limits.

Appendix A – Details of the Audit Finding

Blossom Philadelphia
July 1, 2015 to December 31, 2017

Finding No. 3 - Blossom Has Yet To Distribute the Funds of Deceased Residents

Condition (“What was found?”):

BFO’s analysis of cash funds as of December 31, 2017 identified funds accumulated by six residential consumers who are now deceased. Blossom had yet to distribute their cash balances totaling \$21,531 as of the close of fieldwork.

Criteria (“What should it be?”):

All remaining funds need to be distributed to the appropriate parties in accordance with 20 Pa C.S. § 3501 - §3540

Effect (“What is the impact?”):

As of the close of fieldwork, Blossom was holding deceased residents’ funds totaling \$21,531 which must be distributed to the appropriate parties.

Cause (“Why did it happen?”):

Blossom’s management has been unable to determine to whom the funds may lawfully be paid.

Recommendation (“What needs to be done to correct it?”):

- The BFO recommends that Blossom determine the proper parties to whom distribution of the decedent’s funds should be paid.
- The BFO recommends that ODP follow up to ensure that the funds are paid to the proper parties.

Finding No. 4 – Blossom Did Not Properly Account For Resident Funds

Condition (“What was found?”):

The December 31, 2017 bank reconciliation for the residents’ cash accounts listed outstanding checks totaling \$11,299, some of which dated back to 2011.

Additionally, due to the turnover of staff in the residential program, the December 2017 cash request of \$5,700 for consumer spending could not be verified through the required receipts and/or the return of unused funds.

Criteria (“What should it be?”):

Blossom’s management should research outstanding checks on the bank reconciliations and make a determination as to whether or not the checks should be carried to the next month’s reconciliation. Uncashed checks should not be carried indefinitely. Additionally, receipts, bills and invoices are required to support each expense.

55 PA Code Chapter 6000, Subchapter F
§521 Administration and management of client funds.
55 PA Code Chapter 6400
§ 6400.22 Individual Funds and Property

Appendix A – Details of the Audit Finding

Blossom Philadelphia
July 1, 2015 to December 31, 2017

Effect (“What is the impact?”):

There was a total of \$16,999 drawn on residents’ accounts, some of which may need to be returned to the respective residents. If the checks were voided and the transactions reversed, the respective residents’ cash balances would increase, and some account balances could go beyond the asset limit for MA eligibility.

Cause (“Why did it happen?”):

Blossom did not follow up on the outdated checks and make a determination as to how these funds should have been used and/or returned to the appropriate resident accounts. Additionally, the funds disbursement request from December 2017 could not be verified due to staff turnover at the residential homes during the transition period.

Recommendation (“What needs to be done to correct it?”):

- The BFO recommends that Blossom research the outstanding checks totaling \$11,299 and make a determination to either void the checks or reverse the transactions. Any reversed transactions should be added back to the appropriate residents’ accounts.
- The BFO recommends that Blossom return the \$5,700 to the residents for the December 2017 cash disbursement request which could not be verified by receipts.
- The BFO recommends that ODP follow up to ensure that Blossom has properly resolved the outstanding checks and has returned the December 2017 cash disbursement request to the residents as appropriate.

Finding No. 5 - The General Ledger Balance for Residents’ Funds Exceeded the Sum of the Subsidiary Ledger’s Details

Condition (“What was found?”):

The general ledger balance as of January 31, 2018 was \$178,571 greater than the subsidiary ledger’s sum of each resident’s bank balances.

Criteria (“What should it be?”):

The general ledger should be supported by and reconciled to the subsidiary ledger accounts.

Effect (“What is the impact?”):

The general ledger balance is overstated by \$178,571.

Cause (“Why did it happen?”):

Management could not determine the cause of the difference between the general ledger and the subsidiary ledger accounts. However, management indicated that an adjusting entry was being prepared to reconcile the general ledger to the subsidiary accounts.

Recommendation (“What needs to be done to correct it?”):

- The BFO recommends that Blossom reconcile the general ledger to the subsidiary ledger accounts and make the appropriate adjusting entries.

Appendix A – Details of the Audit Finding

Blossom Philadelphia
July 1, 2015 to December 31, 2017

Finding No. 6 - Internal Control Weaknesses

Condition (“What was found?”)

The BFO identified the following internal control weaknesses:

- There appeared to be a lack of management controls during the time leading up to the termination of the residential program. Specifically, the accounting functions and reporting appeared to be inaccurate, and the prior CEO made poor decisions related to managing the residential program.
- Board members indicated that they were not given complete and accurate information, which may have resulted in poor decision making.
- The general ledger was not always accurate in that the resident funds subsidiary ledger accounts did not tie to the general ledger account.
- Resident fund account balances were not properly managed resulting in account balances that exceeded the maximum, accounts of deceased residents that were not distributed, and outstanding checks that were not resolved.
- Timesheets and/or daily activity notes supporting PROMISe claim reimbursements were missing and/or in adequate resulting in some PROMISe claims which could not be verified.

Criteria (“What should it be?”):

Effective internal controls should include procedures that are in writing, are functional, are used consistently and are adequate to produce reliable documentation to support the programs and services provided by Blossom.

Effect (“What is the impact?”):

Internal control weaknesses contributed to the questioned costs identified in Finding No. 1.

Cause (“Why did it happen?”):

Blossom experienced significant executive level turnover during the Audit Period. Management did not have the proper controls in place to be able to effectively manage the changes that were occurring during the Audit Period.

Recommendation (“What needs to be done to correct it?”):

- The BFO recommends that Blossom design and implement a more reliable system of internal controls over the recording and billing of time, and the preparation of daily activity notes.
- The BFO recommends that Blossom ensure that all documentation necessary to support PROMISe billings is filed, maintained and available.
- The BFO recommends that ODP continue to monitor Blossom’s service documentation for compliance with applicable regulations.
- The BFO recommends that Blossom adjust its general ledger control accounts to agree with the subsidiary records after making the necessary adjustments to the resident’s accounts. Blossom should continue this practice until all resident funds have been transferred to the new residential providers.

**BLOSSOM PHILADELPHIA
APPENDIX B**

Appendix B – Background, Objectives, Scope and Methodology, and Conclusion on the Objectives

Blossom Philadelphia
July 1, 2015 to December 31, 2017

Background

Blossom Philadelphia's (Blossom's) office is located in Philadelphia, PA. Blossom was incorporated in 1955 as a non-profit organization, originally named United Cerebral Palsy Association of Philadelphia. The corporate name was changed in February, 2017. Blossom currently provides day services to adults and children which are funded by the Office of Developmental Programs (ODP) and Early Intervention services which are funded by the Office of Child Development and Early Learning (OCDEL). Blossom also provided residential services at various locations in Philadelphia, PA until DHS revoked its residential license in 2017.

In early 2017 ODP identified significant licensing concerns regarding Blossom's residential program. Blossom was unable to develop and implement a corrective action plan to address the licensing concerns. After failed negotiations between ODP and Blossom's prior management and Blossom's failure to implement satisfactory corrective actions, ODP revoked Blossom's residential license by a letter dated October 24, 2017.

ODP identified four providers who agreed to assume control of the residential homes and the residents that Blossom served. Once the new providers were identified, Blossom began transitioning the residential program and all of the homes and residents were transferred as of January 10, 2018.

Objectives, Scope and Methodology

Our audit objectives are shown in the Conclusions on the Objectives section below. In pursuing our objectives, we analyzed available documentation for the audit period, including payroll records, daily activity notes, care giver time sheets, billing data, vendor invoices, criminal background checks, child clearance certificates, journals, subsidiary ledgers, bank statements, PROMISe reimbursement data and other documentation as appropriate.

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 objectives.

Government auditing standards require that we obtain an understanding of management controls that are relevant to the audit objectives described below. 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 management controls and in compiling complete and consistent billing records. Areas where we noted an opportunity for improvement in management controls are addressed in the findings of this report.

The BFO's fieldwork was performed intermittently between February 1, 2018 and April 17, 2018. A closing conference was held with Blossom's management on May 7, 2018 to discuss the results of the audit. Additionally, an exit conference was held with Blossom's management on July 31, 2018. This report is available for public inspection.

**Appendix B – Background, Objectives, Scope and Methodology,
and Conclusion on the Objectives**

Blossom Philadelphia
July 1, 2015 to December 31, 2017

Objective Number	Audit Objective	Conclusions on the Objectives
1	To determine whether Blossom Philadelphia’s management structure and function was conducive to providing quality care.	Blossom Philadelphia’s current management structure appears to be adequate to provide the current level of services.
2	To determine if Blossom Philadelphia used DHS funds appropriately.	Blossom Philadelphia expended DHS funds appropriately and there is adequate documentation to support the functional expenses that were tested.
3	To determine if Blossom Philadelphia adequately managed consumers’ funds when Blossom was representative payee.	Blossom Philadelphia did not always account for resident funds correctly in that account balances were allowed to exceed allowable maximums, which put residents in jeopardy of losing MA eligibility; outstanding checks were not resolved; funds of deceased residents have not been distributed; and subsidiary ledger accounts did not reconcile to the general ledger control accounts.
4	To determine the cost of DHS providing services when Blossom’s services were inadequate.	ODP and Phila IDS incurred costs of \$212,033 to provide additional residential services because Blossom’s services were inadequate. However, as mentioned in the Exit Conference/Auditor’s Commentary section of this report, the BFO is not questioning these costs.
5	To determine if Blossom’s paid DHS claims are supported by adequate documentation.	Blossom did not always maintain adequate documentation to support its PROMISE claim reimbursements for the Audit Period. This resulted in questioned costs of \$926,925.

**BLOSSOM PHILADELPHIA
APPENDIX C**

Appendix C Analysis of Questioned Cost

Blossom Philadelphia
July 1, 2015 to December 31, 2017

Analysis of Questioned Costs:

Procedure Code	Reimbursed Amount in Sample	Total Amount Questioned in Sample	Reimbursed Amount in Universe	Extrapolated / Total Questioned Cost	Variance (+/-)
Community Habilitation (W7073, W7074, W7075) (a)	\$30,269	\$3,486	\$5,964,595	\$590,140	\$198,628
Community Participation (W5942, W5947, W5951, W5960) (a)	\$26,690	\$1,351	\$1,675,795	\$84,843	\$57,581
Early Intervention Related Service (b)	\$4,646	\$259	\$1,636,728	\$92,645	\$45,008
Early Intervention Reserved Slots (b) (c)	\$12,720	\$0	\$1,149,064	\$0	N/A
Additional Individualized Staffing (W7085) (b)	\$18,048	\$18,048	\$128,006	\$128,006	\$128,006
Supplemental Habilitation 1:1 (W7070) (c)	\$31,291	\$31,291	\$31,291	\$31,291	N/A
Total Questioned Costs				\$926,925	\$429,223

The parameters used to select the statistically valid random samples were:

- (a) Confidence level of 95% and a precision of 15%
- (b) Confidence level of 95% and a precision of 10%
- (c) Extrapolation was not used for this sample.

**BLOSSOM PHILADELPHIA
RESPONSE TO THE DRAFT REPORT**

APPENDIX D

Appendix D - Response to the Draft Report

Blossom Philadelphia
July 1, 2015 to December 31, 2017



102 East Mermaid Lane
Philadelphia PA 19118
Telephone: 215.242.4200
Fax Number: 215-247-4229

BlossomPhiladelphia.org

Wanda M. Sabb, Interim Chief Executive Officer

July 2, 2018

Ms. Barbara Miller
Audit Manager
Bureau of Financial Operations
Department of Human Services
1st Floor, Forum
555 Walnut Street
Harrisburg, PA 17101

Ms. Miller:

As indicated in the letter we received regarding the Bureau of Financial Operations Draft Performance Audit, please find our responses noted below. We are requesting an exit conference based on our considerations.

Finding No. 1 – Certain PROMISE Claims Were Not Supported by Adequate Documentation

We contend that services were actually delivered to all individuals as outlined in the individual support plan. Payments for services were rendered accordingly. The findings relates more to the issue of documentation rather than the actual delivery of services.

We further contend that the cost recommended for recovery as \$926,925 is the result of an extrapolation method that considered five statistical samples with a variance calculated at +/- \$429,223 (see “Effect” of Finding No.1 in your report). This variance level represents a 46% level and appears to be projected at a rather high percentage.

Finding No. 2 – Additional Costs Were Incurred While Blossom Transitioned Its Residential Program

We contend that we were not provided the requested documentation to support overtime and compensation time provided by Philadelphia IDS and ODP during the last week of December 2017. We submitted claims in PROMISE as we continued to provide staff to our residential homes during this time to include but not limited to our senior management staff and adult day program staff.

Appendix D - Response to the Draft Report

Blossom Philadelphia
July 1, 2015 to December 31, 2017

Finding No. 3 – Residents’ Medical Assistance Eligibility Was Jeopardized by Account Balances That Were Too High

We contend that, upon notification that our residential program was transitioning, our Finance and Accounting Department immediately began the process of remitting all residential funds to the social security administration (and railroad retirement where applicable).

To date, all accounts have been transferred to the social security administration (and railroad retirement where applicable).

To date, all transitioning providers have applied to be the representative payee for the individuals they support.

To date, we have closed all accounts and returned all funds with the exception of some outstanding accounts at both Citizens Bank and Wells Fargo**, all balances have been transferred.

***issues with Wells Fargo have been documented and discussed with BFO, investigators, attorneys, providers, IDS, ODP, accordingly.*

Finding No. 4 – Blossom Philadelphia Has Yet To Distribute the Funds of Deceased Residents

We contend that we have remitted all residents’ funds accurately and have begun working with a probate attorney when we were denied access to accounts of individuals who were deceased.

Correction in the report to include: as of December 2017, there were 8 deceased consumers

Finding No. 5 – Blossom Did Not Properly Account For Resident Funds

We contend that management initiated an analysis of all subsidiary ledger account balances of each individual resident to ensure the accuracy of the amount due and to remit to the appropriately authorized parties.

We contend that outstanding checks were not drawn from individual bank accounts (funds were not taken from residents’ accounts). All checks were written on Blossom Philadelphia’s primary account.

Finding No. 6 –The General Ledger Balance for Residents’ Funds Exceed the Sum of the Subsidiary Ledger’s Details

We contend that management initiated an analysis of all subsidiary and General Ledger account balances of each individual resident to ensure the accuracy of amount and General Ledger reflects such accuracy at all times. According to the consulting firm of [REDACTED] the general ledger was overstated by \$178,571 in the fall 2017.

Appendix D - Response to the Draft Report

Blossom Philadelphia
July 1, 2015 to December 31, 2017

Thank you for your consideration of the items outlined above. We appreciate your response in scheduling an exit interview according to the time frames noted in the draft performance audit report letter.

Respectfully submitted,



Wanda M. Sabb
Interim Chief Executive Officer
Blossom Philadelphia