



May 8, 2013

Mr. Robert Powell, Fiscal Director  
Ken Crest Services, Inc.

[REDACTED]  
[REDACTED]

Dear Mr. Powell:

I am enclosing the final report of Ken Crest Services, Inc. that was recently completed by this office. Your response has been incorporated into the final report and labeled as an Appendix.

I would like to extend my appreciation for all the courtesy extended to my staff during the course of fieldwork. I understand that you were especially helpful to Barbara Miller in expediting the audit process.

The final report will be forwarded to the Department's Office of Child Development and Early Learning (OCDEL) to begin the Department's resolution process concerning the report contents.

If you have any questions concerning this matter, please contact David Bryan, Audit Resolution Section, at (717) 783-7217.

Sincerely,

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

Tina L. Long, CPA  
Director

Enclosure

c: Ms. Karen Deklinski  
Ms. Emily Hackleman  
Ms. Shari Yiengst  
Ms. Pamela Schuessler

bc: Mr. Alexander Matolyak  
Mr. Daniel Higgins  
Mr. David Bryan  
Mr. Michael A. Sprow  
Ms. Shelley L. Lawrence  
SEFO Audit File (S1206-Z46)

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](mailto:ra-dpwtkl@pa.gov).



May 8, 2013

The Honorable Beverly Mackereth  
Acting Secretary of Public Welfare  
Health and Welfare Building, Room 333  
Harrisburg, Pennsylvania 17120

Dear Ms. Mackereth:

In response to a request from the Office of Child Development and Early Learning (OCDEL), the Bureau of Financial Operations (BFO) initiated an audit of Ken Crest Services' Early Intervention (EI) program. The audit was designed to determine whether Ken Crest had sufficient documentation to support its Provider Reimbursement and Operations Management Information System (PROMISE) billings and to evaluate the effect of state maximum EI rates. Our audit period was July 1, 2011 through June 30, 2012.

The report is currently in final form and therefore contains Ken Crest's views on the report contents.

### **Executive Summary**

Ken Crest is a provider of EI services to children from birth to three years of age who are approved by OCDEL. Additionally, Ken Crest provides services to individuals with developmental disabilities.

The report has no findings or recommendations for corrective action; an observation on management's practices is summarized below:

<b>OBSERVATION</b>	<b>SUMMARY</b>
<b>Observation No. 1 - Make Up Therapy Sessions are Not Delivered as Authorized</b>	When a session is missed or canceled, those units are added to another authorized session one or two units at a time, with no indication as to why additional units are being delivered.

### **Background**

Ken Crest is a nonprofit corporation located in [REDACTED]. It is a provider of EI services to children from birth to three years of age who are approved by OCDEL. As part of its EI program, Ken Crest provides Speech Therapy, Physical Therapy, Occupational Therapy, Special Instruction and Social Work. Additionally, Ken Crest provides services to individuals with developmental disabilities.

**Ken Crest Inc.**  
**July 1, 2011 Through June 30, 2012**

**Objective/Scope/Methodology**

The audit objectives were:

- To determine if Ken Crest, Inc. has sufficient documentation to substantiate its paid claims through PROMISE for services delivered.
- To determine total eligible EI expenses related to the EI revenue received from services provided to Pennsylvania consumers

In pursuing these objectives, the BFO interviewed OCDEL personnel and Ken Crest management. The BFO also analyzed financial records, revenue and expenses statements related to the EI program, session notes, time sheets and other pertinent data necessary to pursue the audit objective.

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 those controls. Based on our understanding of the controls, no material deficiencies in record retention came to our attention. Areas where we noted an opportunity for improvement in management controls are addressed in the observation of this report.

BFO 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 conclusions based on our audit objectives.

The BFO's fieldwork was conducted intermittently from January 28, 2012 to February 27, 2013 and was performed in accordance with GAGAS. This report, when presented in final form, will be available for public inspection.

**Results of Fieldwork/Conclusions on the Objectives**

The BFO analyzed Ken Crest's claims reimbursed through PROMISE for EI services as well as direct and indirect expenses charged to the EI program.

The BFO utilized a statistically valid random sample (SVRS) to select paid claims from the audit period for testing. All consumer files contained sufficient documentation to support the claims that were reimbursed. As such, no errors were identified related to paid claims.

Ken Crest's indirect cost allocation plan was analyzed as well as the expenses included in the indirect cost pool and expenses charged directly to the program. All expenses analyzed were determined to be actual, appropriate and eligible for reimbursement. Revenue was reconciled to the amounts that were reported by funding source through the paid claims.

Our analysis of EI revenue and expenses identified a loss of (\$146,514) for the audit period. Management stated that budget cutbacks, reduced referrals and more conservative service authorizations are contributing factors to the loss (see Exhibit 1). Further, management explained

**Ken Crest Inc.**  
**July 1, 2011 Through June 30, 2012**

that Ken Crest has been working to reduce costs by consolidating satellite offices, improving its referral process and striving to increase the productivity of its therapists.

**Observation No. 1 – Make Up Therapy Sessions are Not Delivered as Authorized**

In general, EI therapy sessions are authorized to be delivered one hour at a time - as four 15 minute units. However, when a session is missed or canceled, units to be made up are added to an authorized session one or two units at a time. In these circumstances the units delivered exceed the units authorized and no notation as to why the excess units were provided appears within the progress note. Management stated that make-up units usually cannot be delivered at the frequency authorized by the Individual Family Service Plan (IFSP) due to the family and/or therapist scheduling limitations. Furthermore, only those units which were canceled due to the therapist are required to be made up; units canceled by the family may be but are not required to be made up.

While OCDEL does not have specific requirements related to make-up sessions, the session notes prepared by the therapist should indicate the reason additional units were delivered, and every effort should be made to deliver services as authorized by the IFSP.

**Exit Conference/Summary**

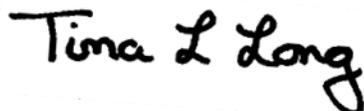
Based on the results of the audit, Ken Crest management opted not to request an exit conference. As a result, no significant changes were made to the draft report. Ken Crest's response is attached as an appendix.

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

[RA-pwauditresolution@pa.gov](mailto:RA-pwauditresolution@pa.gov)

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

Sincerely,



Tina L. Long, CPA  
Director

c: Ms. Karen Deklinski  
Ms. Emily Hackleman  
Ms. Shari Yienst  
Ms. Pamela Schuessler

bc: Mr. Alexander Matolyak  
Mr. Daniel Higgins  
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**Ken Crest  
Summary of Revenue and Expenses  
by County**

	<b>Speech Therapy</b>	<b>Physical Therapy</b>	<b>Occupational Therapy</b>	<b>Special Instruction</b>	<b>Social Work</b>	<b>Total</b>
<b>Total Revenue</b>	<u>\$ 1,512,538</u>	<u>\$ 1,194,557</u>	<u>\$ 1,068,152</u>	<u>\$ 1,892,292</u>	<u>\$ 78,538</u>	<u>\$ 5,746,077</u>
<b>Total Expense By County</b>						
██████████	361,780	213,661	160,428	281,696		1,017,565
██████████	175,276	57,115	98,806	114,857		446,054
██████████	130,638	177,206	136,103	143,863	3,483	591,293
██████████	464,882	467,101	364,342	458,842	12,139	1,767,306
██████████	17,346	8,426	2,869	132,489		161,130
██████████	18,654		4,519	28,847		52,020
██████████	<u>354,286</u>	<u>249,697</u>	<u>352,068</u>	<u>922,675</u>	<u>88,061</u>	<u>1,966,787</u>
<b>Total Expenses</b>	1,522,862	1,173,206	1,119,135	2,083,269	103,683	6,002,155
<b>Profit/(Loss)</b>	<u>\$ (10,324)</u>	<u>\$ 21,351</u>	<u>\$ (50,983)</u>	<u>\$ (190,977)</u>	<u>\$ (25,145)</u>	<u>\$ (256,078)</u>
Receivable From Philadelphia						109,564
Net loss after Philadelphia payment	<u>\$ (10,324)</u>	<u>\$ 21,351</u>	<u>\$ (50,983)</u>	<u>\$ (190,977)</u>	<u>\$ (25,145)</u>	<u>\$ (146,514)</u>

**KENCREST SERVICES**  
**RESPONSE TO THE DRAFT REPORT**  
**APPENDIX A**



# KenCrest Services

## Education and Training Services

April 26, 2013

Mr. Daniel Higgins, Audit Manager  
Division of Audit and Review  
Bureau of Financial Operations  
Department of Public Welfare  
801 Market Street  
Philadelphia, PA 19107

Dear Mr. Higgins:

We have received and reviewed the "draft" performance audit report for KenCrest Services, as prepared by the Division of Audit and Review. We are pleased that the report had no findings or recommendations for corrective action. We have noted the one observation regarding make-up therapy sessions and will work with the program office (OCDEL) to address that concern.

KenCrest is not requesting an exit interview. We thank you and your staff for your professional, efficient approach during the review.

Sincerely,

Pam Schuessler  
Chief Operating Officer

cc: Bob Powell  
Joan Hanley  
Roseann Adamo  
Jim McFalls

