



July 15, 2013

Mr. Ernest Cole, Chief Executive Officer
Reliance Family Care Services, Inc.
2202 South Broad Street
Philadelphia, Pennsylvania 19145

Dear Mr. Cole:

I am enclosing for your review the final audit report of Reliance Family Care Services, Inc. which was recently prepared by this office. Your response has been incorporated into the final report and labeled as an Appendix.

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 you were 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) and Office of Long Term Living (OLTL) to begin the Department's resolution process concerning the report's contents. The staff from ODP and OLTL 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 Mr. David Bryan, Audit Resolution Section, at 717-783-7217.

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: Ms. Karen Deklinski
Ms. Vicki Stillman-Toomey
Mr. Timothy O'Leary
Ms. Patricia McCool
Ms. Deborah Donahue
Mr. Michael Hale
Ms. Anne Henry
Ms. Sallee Rowe

bc: Mr. Alexander Matolyak
Mr. Daniel Higgins
Mr. David Bryan
Mr. Michael A Sprow
Ms. Shelly L. Lawrence
SEFO Audit File (S1208-R51)

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.



July 15, 2013

The Honorable Beverly Mackereth
 Secretary of the Department of Public Welfare
 Health & Welfare Building, Room 333
 Harrisburg, Pennsylvania 17120

Dear Secretary Mackereth:

In response to a request from the Office of Developmental Programs (ODP) and the Office of Long Term Living (OLTL), the Bureau of Financial Operations (BFO) initiated an audit of Reliance Family Care Services, Inc. (Reliance). 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, 2011 to December 31, 2012 (Audit Period).

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

Reliance Family Care Services, Inc.'s Executive Summary

Reliance was founded in 2010 as a for profit corporation located in Philadelphia, PA. Reliance is a health care provider servicing clients who are approved by ODP and OLTL. Reliance works with developmental disability organizations in Philadelphia, Delaware and Montgomery Counties to provide in-home services to consumers with special needs.

Reliance provides services through participation in the Home and Community-Based Services waiver programs, such as the Consolidated, Person/Family Directed Supports and Autism waivers for ODP and the Commcare, Independence, OBRA, Attendant Care, AIDS and Living Independence for the Elderly for OLTL.

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

FINDINGS	SUMMARY
<p><i>Finding No. 1 – PROMISe Reimbursement Claims Were not Adequately Documented.</i></p>	<p>Three statistically valid random samples (SVRSs) of PROMISe claims were tested for adequacy of supporting documentation. The result was that certain ODP claims were not supported by adequate documentation. The error rates were 9.59% for Home and Community Habilitation and Companion, 3.64% for Supported Employment, and 2.80% for Nursing Services. Unsupported claims resulted in net overbillings of \$65,688 for ODP services.</p>

**Reliance Family Care Services, Inc.
July 1, 2011 Through December 31, 2012**

HIGHLIGHTS OF RECOMMENDATIONS
<p>ODP should :</p> <ul style="list-style-type: none"> • Recover \$65,688 in PROMISe reimbursements due to lack of adequate documentation. <p>Reliance should</p> <ul style="list-style-type: none"> • Only claim reimbursement for services supported by adequate documentation.

FINDINGS	SUMMARY
<p><i>Finding No. 2 – Reliance’s Internal Controls Were Inadequate to Ensure Reliable and Accurate Billings to PROMISe.</i></p>	<p>Reliance did not have proper controls over time sheets and progress notes to ensure that PROMISe billings were accurate. Additionally, Reliance did not have sufficient procedures in place requiring the monitoring and supervision of staff to ensure that services were being delivered as authorized in the Individual Service Plans (ISPs).</p>

HIGHLIGHTS OF RECOMMENDATIONS
<p>Reliance should:</p> <ul style="list-style-type: none"> • Ensure that time sheets and progress notes are properly reviewed, reconciled to billing and payroll registers and are maintained to support PROMISe billings. • Develop controls over supervision and monitoring of staff to ensure services are being provided as authorized in the ISPs. • Draft an employee handbook detailing management’s expectations regarding personnel issues, training requirements, and other related issues.

FINDINGS	SUMMARY
<p><i>Finding No. 3 Reliance is not in Compliance with Medical Assistance Bulletin 99-11-05</i></p>	<p>Effective August 15, 2011, Medical Assistance (MA) Bulletin 99-11-05 requires providers to screen employees on a regular basis to ensure they have not been excluded from participation in federal health care programs. Reliance was unaware of this requirement and did not perform such screenings.</p>

HIGHLIGHTS OF RECOMMENDATIONS
<p>Reliance should:</p> <ul style="list-style-type: none"> • Develop procedures to ensure all staff are screened on a regular basis as required by MA Bulletin 99-11-05.

OBSERVATION	SUMMARY
<p><i>An Audit Report Mandated by Federal Regulations will be Required for Calendar Year 2012.</i></p>	<p>45 CFR 74.26 requires for-profit companies receiving \$500,000 or more of federal Department of Health and Human Services awards to have an audit performed. Reliance did not meet the threshold for calendar year 2011. However, for calendar year 2012 Reliance exceeded the threshold of \$500,000 for federal awards and will be required to have an audit.</p>

Reliance Family Care Services, Inc.
July 1, 2011 Through December 31, 2012

Background

Reliance is a Pennsylvania for-profit corporation that was founded in 2010. Its sole office is in Philadelphia, PA. Reliance is a health care provider servicing clients who are approved by the ODP and OLTL. Reliance works with Philadelphia, Delaware and Montgomery County developmental disability organizations to provide in-home habilitation services to consumers with special needs.

Reliance assists consumers to acquire and maintain the highest possible level of independent living considering each consumer's particular circumstances by providing habilitation, companion, supported employment and nursing services. These services are performed in consumers' homes and community settings by Reliance's employees. Additionally, Reliance provides services to individuals in licensed community homes, and to individuals requiring behavioral support, respite care, and transportation services.

ODP and OLTL fund the waiver eligible services which are paid through the PROMISE reimbursement process.

Objective/Scope/Methodology

The audit objective, developed in concurrence with ODP and OLTL was:

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

The criteria and guidelines used to ascertain the adequacy of supporting documentation was 55 Pa. Code Chapters 1101, 51, and 52, ODP Bulletin #00-07-01 dated April 26, 2007 and pertinent federal waiver requirements.

In pursuing this objective, the BFO interviewed ODP and OLTL personnel and Reliance's management. We also reviewed books, payroll records, caregiver time sheets, progress notes, bills, receipts, PROMISE reimbursement data, electronic records available in the Home and Community Services Information System (HCSIS) 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 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, there were material deficiencies in billing procedures. Areas where we noted 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 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.

**Reliance Family Care Services, Inc.
July 1, 2011 Through December 31, 2012**

The BFO's fieldwork was conducted intermittently from March 11, 2013 to April 1, 2013. This report is available for public inspection.

Results of Fieldwork

Finding No. 1 – PROMISe Reimbursement Claims Were not Adequately Documented.

Three separate SVRSs of claims were selected from the total claims reimbursed by PROMISe during the Audit Period. Claim types included in the SVRSs were Home and Community Habilitation and Companion; Supported Employment; and Nursing Services.

The underlying documentation was analyzed to determine the validity of each sampled claim. Examined documentation included time sheets, progress notes (if any), and the nature of the services provided. The number of units authorized by an ISP was compared to the units billed. The BFO also verified that the units billed did not exceed the number authorized.

Exceptions were identified in ODP claims for Home and Community Habilitation, Companion, Supported Employment and Nursing Services. For each claim type sampled, a net overbilling was identified as follows:

• Home and Community Habilitation and Companion	Error rate of 9.59%	\$56,969
• Supported Employment	Error rate of 3.64%	\$ 4,065
• Nursing Services	Error rate of 2.80%	\$ 4,654

The total net overbillings for the ODP claims are \$65,688.

The majority of the variances were overbillings. However, several variances were underbillings which were investigated and credits were given if there were unused units in the approved budgets at the end of the respective fiscal year. Other discrepancies included missing time sheets and the absence of progress notes.

The SVRS related to OLTL Personal Assistance claims resulted in a net under billing. Reliance management was informed that there is a 180-day window from the date of service delivery to invoice for an eligible service; and an additional 180 days to make corrections to claims submitted within the correct timeframe.

Recommendations

The BFO recommends that ODP recover \$65,688 from Reliance due to unsupported claims.

The BFO also recommends that Reliance only bill PROMISe for services rendered and documented by employee time sheets and progress notes.

Finally, the BFO recommends that Reliance invoice PROMISe for any eligible services that can still be billed and that have not been invoiced.

Reliance Family Care Services, Inc.
July 1, 2011 Through December 31, 2012

Finding No. 2 – Reliance’s Internal Controls Were Inadequate to Ensure Reliable and Accurate Billings to PROMISe.

Our analysis of documentation required to support PROMISe billings identified several internal control weaknesses which must be addressed to ensure accurate and reliable billing to PROMISe. The following weaknesses were identified:

Insufficient review and control of original time sheets:

- Many of the time sheets we reviewed were missing hours; the dates were out of sequence; and in some cases the time sheets were missing altogether. Time sheets are integral to ensuring proper billing to PROMISe in that they document the time spent providing services, the signatures verify that services were delivered; and they indicate the dates that services were provided.
- Reliance did not reconcile employee time sheets to its PROMISe billings.
- In some cases, overbillings occurred because a time sheet did not have the required daily progress note. Proper review of time sheets would have identified this issue and then steps could have been taken to ensure the progress note was written.

Insufficient controls relating to staff supervision and monitoring:

- Reliance did not have sufficient controls in place requiring the monitoring and supervision of staff to ensure that services were being delivered as authorized in the ISPs. As a result, one employee submitted time sheets for services that were not delivered. Monitoring procedures should be developed to ensure that consumers are receiving the services that have been authorized and to ensure billings are accurate.¹

Employee Handbook:

- Reliance did not develop an employee handbook which details items such as: management’s expectations of employees; requirements related to time sheets and progress notes; issues such as leave, pay rate, scheduling and other personnel related matters; incident reporting; training requirements; and other items deemed necessary.

Sufficient internal controls as described above would have prevented many of the identified billing errors.

Recommendations

The BFO recommends that Reliance develop internal controls to ensure that time sheets and progress notes are properly reviewed, reconciled to billing and payroll registers and maintained to support PROMISe billing.

¹In the case identified, Reliance took action to void claims and refer the individual to the proper legal authorities.

Reliance Family Care Services, Inc.
July 1, 2011 Through December 31, 2012

The BFO also recommends that Reliance develop internal controls over the supervision and monitoring of staff to ensure that services are delivered according to the consumers' ISPs.

Finally, the BFO recommends that Reliance draft an employee handbook which details personnel issues, staff expectations, training requirements and other related matters.

Finding No. 3 – Reliance is not in Compliance with Medical Assistance Bulletin 99-11-05.

Reliance did not perform regular background screenings of its staff as required by Medical Assistance (MA) Bulletin 99-11-05. Effective August 15, 2011, providers of MA programs are required to perform screenings of staff to determine if they have been excluded from participation in federal health care programs. The MA Bulletin states that providers must screen employees prior to hiring and on a monthly basis thereafter.

Reimbursement of services provided by staff that has been excluded is ineligible and would result in an overpayment. Reliance does not have procedures in place to screen staff on a regular basis. As such, Reliance is not in compliance with MA Bulletin 99-11-05.

Recommendations

The BFO recommends that Reliance develop procedures to conduct initial and ongoing background screenings of staff on a regular basis to ensure compliance with MA Bulletin 99-11-05.

Observation – An Audit Report as Mandated by Federal Regulations will be Required for Calendar Year 2012.

Reliance, as a for profit recipient of Federal Health and Human Services (HHS) awards, is required to comply with 45 CFR 74.26 pertaining to audit requirements. Entities such as Reliance have two options in satisfying this audit requirement. They can either have a financial related audit that is accordance with Government Auditing Standards or they can have an audit that meets the standards of OMB Circular A-133 for their HHS award.

Reliance did not meet the threshold of \$500,000 in federal HHS awards for the 2011 calendar year. However, for the 2012 calendar year, they did exceed the threshold and will be required to have an audit that meets criteria described above. To date, an audit has not been completed.

Exit Conference Summary

On July 11, 2013, an exit conference was held at Reliance's offices to discuss Reliance's response to the draft audit report. Reliance's management presented several newly created and/or revised procedures and a draft version of the new employee handbook in accordance with the audit recommendations. Those documents will be reviewed by the program office. Based on the exit conference no changes were made to the draft report.

Reliance Family Care Services, Inc.
July 1, 2011 Through December 31, 2012

Conclusion on the Objective

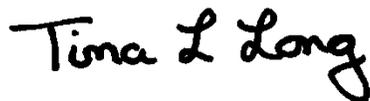
In conclusion, Reliance did not always have adequate documentation to substantiate its claims for home and community habilitation based services. As such, the BFO recommends that ODP recover \$65,688 and that Reliance continues to consult with ODP, OLTL and their care-givers to ensure that appropriate services were delivered and those services are supported with adequate documentation.

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

RA-pwauditresolution@pa.gov

The response to each recommendation should indicate the program office's concurrence or non-concurrence, the corrective action to be taken, the staff from the program offices 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. Vicki Stillman-Toomey
Mr. Timothy O'Leary
Ms. Deborah Donahue
Ms. Patricia McCool
Ms. Anne Henry
Ms. Sallee Rowe
Mr. Michael Hale

bc: Mr. Alexander Matolyak
Mr. Daniel Higgins
Mr. David Bryan
Mr. Michael A. Sprow
Ms. Shelly L. Lawrence
SEFO Audit File (S1208-R51)

**RELIANCE FAMILY CARE SERVICES, INC.
RESPONSE TO THE DRAFT REPORT**

APPENDIX A

Reliance Family Care Services INC.
2202 South Broad Street
Philadelphia, PA. 19145
Phone: 267-519-0672



Mr. Daniel Higgins
Audit Manager
Division of Audit and Review
801 Market St, suite 5040
Philadelphia, Pa 19107

RE: Reliance Family Care Services INC. Audit

Dear Mr. Higgins:

Thank you for your letter of May 30th concerning the “draft” performance audit report of Reliance Family Care Services, Inc. The following is RFC’s comments regarding the Bureau of Financial Operations (BFO) recommendations regarding the reimbursements from the Provider Reimbursement and Operations Management Information System (PROMISe) for client care.

Finding No. 1 – Promise Reimbursement Claims Were not Adequately Documented.

Regarding this finding;

Reliance has reevaluated and implemented a control procedure which will ensure all progress notes are collected, reviewed for quality & signed off on by immediate supervisor, organized and filed for ongoing audits. In addition, staffs are receiving ongoing training regarding documentation, ISP, and outcomes. By the end of November 2013, all staff members will complete at least 24hrs of trainings. RFC has also hired a Quality Assurance Personnel. His primary duty is to manager the overall quality within the agency.

Finding No. 2 – Reliance’s Internal Controls Were Inadequate to Ensure Reliable and Accurate Billings to PROMISe.

Regarding this finding;

- 1.) Internal controls is in place to ensure that time sheets/progress notes are reconciled to billing and payroll register and maintained to support PROMISe

billing. Every week managers will compare our promise billing with time sheets and if there are any discrepancies, they could be addressed immediately.

- 2.) Reliance reevaluating and implementing the control procedure which will ensure all progress notes are collected, reviewed for quality & signed off by immediate supervisors, organized and filed for ongoing audits. In addition, staff will receive ongoing training regarding documentation, ISP, and outcomes.
- 3.) Reliance currently drafting an employee handbook detailing management's expectations regarding personnel issues, training requirements, and other related issues. This will be presented to the management team on Monday July 1st for approval before training all employees. Each employee will have a copy of this document after training is completed.

Finding No. 3 – Reliance is not in Compliance with Medical Assistance Bulletin 99-11-05.

Regarding this finding;

- 1.) Reliance has developed a procedure to ensure all staff is screened on a monthly basis as required by MA Bulletin 99-11-05. HR Department will do an update check on all staff members monthly.

Observation – An Audit Report Mandated by Federal Regulations will be Required for Calendar Year 2012.

Regarding this finding;

- 1.) Reliance will seek out an Accounting Firm to conduct a full financial audit of the agency. This financial audit will be a continuing standard at Reliance.

Once again I will like to personally thank you and the entire audit team for your patience, assistance and guidance during the audit period. Most of all we do appreciate the level of professionalism in which the audit was conducted.

If you have any questions, comments, or concerns please feel free to contact me at any time.

Sincerely,

Ernest Cole
CEO

Daniel Higgins
July 12, 2013
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cc: Ms. Agnes Rudolph